

Health and Accident Conference Number

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, JUNE 8, 1933

THE WESTERN AND SOUTHERN INDEMNITY COMPANY

POLICYHOLDERS SURPLUS - - \$1,506,656.98
ALL SECURITIES VALUED AT MARKET DECEMBER 31, 1932

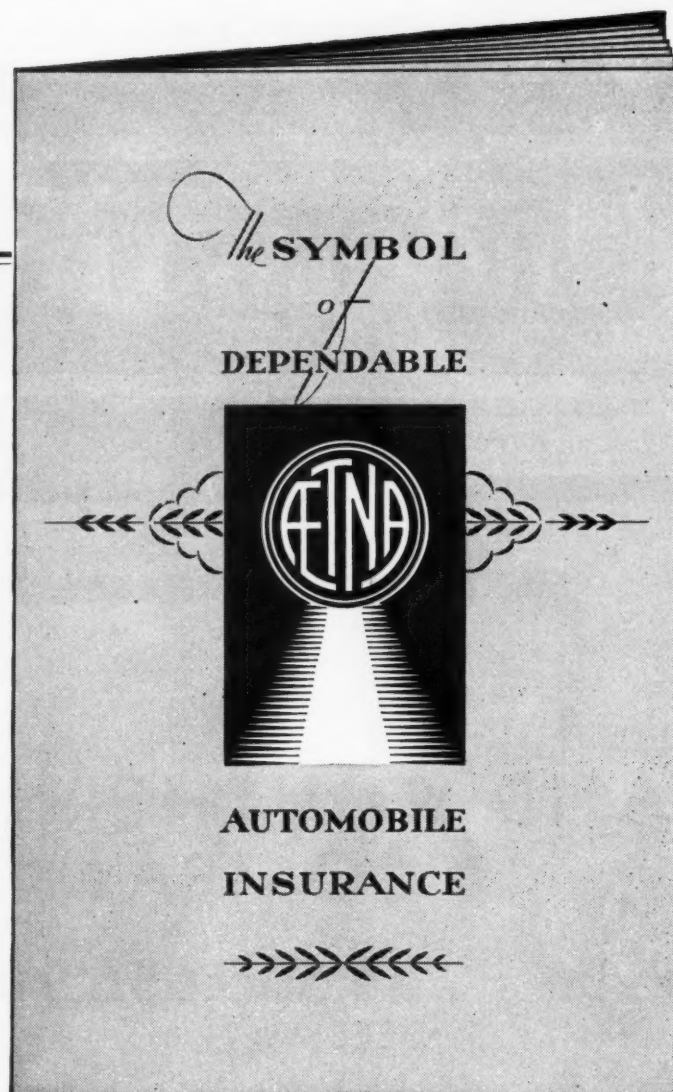
THE WESTERN AND SOUTHERN FIRE INSURANCE COMPANY

POLICYHOLDERS SURPLUS - - \$493,330.74
ALL SECURITIES VALUED AT MARKET DECEMBER 31, 1932

CHARLES. F. WILLIAMS, President

CINCINNATI, OHIO

Address - - William C. Safford, General Manager



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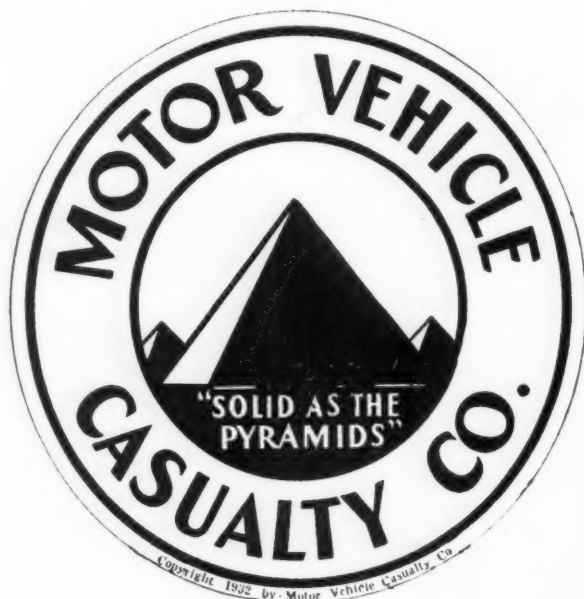
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The National Underwriter

Thirty-Seventh Year—No. 23

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JUNE 8, 1933

\$4.00 Per Year, 20 Cents a Copy

S. E. U. A. Invokes 60 Day Loss Rule

Mandatory Regulation on Payments Over \$500 Voted at Virginia Beach

BARNETT NEW PRESIDENT

Constructive Program and Stirring Address by Retiring President Hines Feature Meeting

NEW OFFICERS ELECTED

**President—R. B. Barnett, Atlanta, southern manager Fire Association.
Vice-president—Elliott Middleton, New York, United States secretary of the Sun.**

VIRGINIA BEACH, VA., June 7.—Reports of the untiring efforts to overcome critical conditions by proper readjustments, progressive action and constructive programs by the executive committee and the ringing address by Retiring President J. H. Hines that all interests of insurance "must have vision and must use vision" in meeting problems yet to arise, made the annual meeting of the Southeastern Underwriters Association here today the most outstanding in its history.

As a prominent underwriter stated, "The address of President Hines not only told the wise manner in which the administration and management has handled the delicate situations through which we have passed, but also stands as highway signs for the future." All of the reports showed increased efficiency of the organization, despite the compulsory curtailment of expenses. The association complimented the work of the management and endorsed it for its "service in the face of the grave difficulties."

Approve Action Taken

The association ratified action taken by the executive committee at its two day's session preceding the meeting of the full association. The committee adopted the rule of the National Board invoking the 60 day loss payment clause on claims in excess of an aggregate loss of \$500 to the assured, making the rule mandatory, and like that of the National Board exempting automobile, collision, property damage, tornado, windstorm, earthquake, hail, rain and conflagration losses.

The association left to the discretion of the executive committee the date when there shall become effective the general agency rule requiring divorce of local agency departments.

Learning that opinions had been reached by each branch of insurance, such as fire, marine and casualty as to its jurisdiction, the association again made mandatory its rule prohibiting company members from writing all risks, personal property floater or householders comprehensive policies.

The association had previously

(CONTINUED ON PAGE 14)

Van Schaick Urges Change in Method of Liquidation

Unless the insurance commissioners are willing to take the responsibility for bringing about needed improvement in present methods of liquidation of insurance companies, the federal machinery is likely to be put in motion for this work. This was the conclusion of Superintendent Van Schaick of New York in an address, which attracted much attention, before the Chicago gathering of the National Convention of Insurance Commissioners. So great was the interest in this talk, that, following its delivery, there was a rush for the platform on which were stacked copies of the manuscript and the supply was gone in an instant.

After developing at some length the defects in the present methods of liquidation, Mr. Van Schaick outlined two alternative reforms. One would be federal legislation under the bankruptcy provision and the other would be a positive voluntary program of cooperation under the auspices of the National Convention of Insurance Commissioners. The first method, he said, would be more ideal while the second would be more immediately practical.

Bankruptcy Act

Insurance companies are now excepted from the provisions of the national bankruptcy act, Mr. Van Schaick pointed out. Congress recently has shown a willingness to provide special provisions to meet extraordinary conditions. Hence congress may at some time consider the advisability of bringing insurance companies within the scope of the act.

Such legislation, if planned by congress in response to the demand of an aroused public, would not likely be friendly to the interests of state supervision. The legislation, if supported by insurance supervisory officials, might well prove to be the solution.

A proposed draft of an amendment to the bankruptcy act, according to Mr. Van Schaick, would permit the state supervisory officials at any time to apply to a federal court within whose jurisdiction a company is domiciled for liquidation or reorganization. The home state commissioner might make a petition or a certain number of commissioners might unite in such a petition.

Primary Court Would Act

The court would hold a hearing and in the event of an adjudication would become the primary court in charge of the proceedings throughout the entire country. It would be the court of distribution of all general funds.

Each commissioner would be privileged to apply to a federal court in his state for appointment as ancillary liquidator. If he did not choose to do so, the primary liquidator would have the authority in such states. The duties of ancillary liquidator would be those of assisting the primary liquidator in a collection of assets and in a determination of local claims. He would distribute local special deposits and assets in which there were valid local preferences.

Referees would be chosen from special panels appointed by the judges of the United States circuit court of appeals.

The preferences in all general assets would be fixed by the statute. An adequate and regulated preference for the wages of employees would apply universally in all states. A uniform preference to compensation claims would likewise so apply. Such preference would have a superiority to claims of the federal government. Under the present system, he said, there are preferences for compensation claims by statute in half a dozen states. Qualifying bonds are required in others. How far such laws are valid against assets in other states no one knows.

Claims of United States

The claims of the United States would receive a regulated preference amenable to the rest of the law just like other claims. The present federal preference statute, Mr. Van Schaick stated, overrides all state laws. In the case of a surety company, the federal law paralyzes the liquidation of the company and prevents distribution to any claimants, even those holding compensation awards.

Mr. Van Schaick expressed the belief that such a statute would not constitute a first step toward general federal supervision of insurance.

As to the other course—a program of cooperation among the commissioners—Mr. Van Schaick said that many courts would undoubtedly go a long way to surmount ordinary legalistic difficulties if there is a concerted effort upon the part of others similarly situated to conduct the proceeding in an enlightened manner.

The efforts of individual commissioners, he said, to tighten the relationship between the various proceedings are insignificant in comparison with what may be done by the National Convention of Insurance Commissioners.

There should be a standard form of agreement between primary and ancillary receivers. A written expression of the desirability of cooperation in such form as will be approved by the local court, he said, would enable the receiver at times to act in a manner which would otherwise be impossible. A form of agreement which is standard and which has the approval of a body of

(CONTINUED ON PAGE 14)

Special Insert Covers H. & A. Conference Meet

The special edition covering the proceedings of the annual meeting of the Health & Accident Underwriters Conference, together with the addresses given at that meeting and the round table discussions on topics of special interest today, is published as an insert in this issue, beginning on page 27.

Officers Renamed By Commissioners

Forty-Four States and Two Provinces Represented at Chicago Convention

GREATER HARMONY SEEN

Tendency Towards Closer Cooperation Is Observed With Threat of Federal Supervision in Background

A record attendance of commissioners or other department officials from 44 states, the District of Columbia, Quebec and Ontario, was established at the annual meeting of the National Convention of Insurance Commissioners in Chicago. The only states not represented were Idaho, Nevada, New Hampshire and New Mexico.

The large attendance was due to the attraction of the world fair, the importance of the subjects scheduled for discussion and action and the fact that the Chicago meeting was a telescoped session of the mid-summer meeting of the executive committee of the convention and the annual fall gathering. There was also a record attendance of company executives and other camp followers and the crowd was swelled by those attending the convention of the American Institute of Actuaries in the same hotel.

All officers were reelected due to the fact that Commissioner G. W. Brown of Minnesota took office as president only a few months ago, filling out the unexpired term of W. A. Tarver, who was removed as commissioner of Texas. The first vice-president is Dan C. Boney of North Carolina; second vice-president, G. S. Van Schaick of New York; secretary, Jess G. Read of Oklahoma. J. B. Thompson of Missouri is chairman of the executive committee.

December Meeting Planned

Decision was reached to hold the mid-winter meeting of the convention at the Hotel Pennsylvania, New York City, Dec. 5-6.

The convention functioned effectively on the important issues confronting it. There seems to be a greater tendency on the part of the commissioners to act in unison. The necessity of reaching some degree of uniformity so far as restrictions on life insurance cash surrender and policy loan values are concerned has undoubtedly brought them closer together. The agitation in some quarters for federal supervision of insurance probably acts as something of a threat to induce closer cooperation.

The most vital action of the commissioners was the adoption of a resolution setting forth a new recommended set of life insurance moratorium regulations. The principal feature is the suggested provision that companies be permitted to make unlimited loans and

(CONTINUED ON PAGE 10)

Three Annual Meetings Held by Indiana Fire Field Men

T. R. DUNGAN IS REELECTED

Blue Goose and Relief Association Elect Cline and Tanner, Respectively, as Heads

INDIANAPOLIS, June 7.—As a mark of confidence during a particularly difficult year, Thomas R. Dungan was reelected president of the Indiana Fire Underwriters Association at its annual meeting this week. This reelection of a president is claimed by some to have been the first occasion of the kind in the history of the organization.

Throughout the year there has been much favorable comment because of the earnest cooperation Mr. Dungan secured from members. Attendance at meetings has been excellent and participation of members in enforcing the agency balance rule and reclassification of agencies has attracted attention.

Other Officers Elected

G. J. Daseke was reelected vice-president and O. E. Green, secretary-treasurer. C. R. Watkins, New York Underwriters; L. J. Fischer, Home, and F. E. Dukes, Fire Association, were elected to the executive committee.

President Dungan, in his annual report, gave credit to the officers and executive committee for the success last year, and to the members for their cooperation. He urged continued support of company measures.

He stressed the importance of friendly morale in these times, declaring personalities should be submerged for the common good. "In a period of thoughtlessness," he said, "being spurred on by the quest for premium return, or perhaps seeking position in an agency, or fancying that the companies' best interests might be better served, practices have been indulged in that are, to say the least, perverse to the aims and purposes of our association."

Urges Considering Actions

"I can readily understand how a person might be temporarily swayed from the path of righteousness, and if in the future you are faced with a situation which, by following along the lines of least resistance, your action might result in injuring in any manner one of your associates, I beseech you to stop and consider well your course. It is recorded that no one ever got far, especially with his own conscience, whose actions would not bear the light of day. Base all your actions upon a principle of right, preserve your integrity of character and, doing this, never reckon the cost."

A handsome watch was presented to Mr. Dungan by J. W. Noble, in behalf of members.

H. W. LaRue, secretary America Fore group, and H. W. Chesley, assistant secretary Western Underwriters Association, were present from Chicago. Mr. Chesley spoke briefly, endorsing Mr. Dungan's appeal for harmony. A. R. Monroe, retired president Newark Fire, complimented members on the efficiency of their organization.

Relief Association Meets

The annual meeting of the Indiana Field Men's Relief Association was also held. L. E. Tanner, Agricultural, was elected president, G. E. Shank, Jr., Fireman's Fund, vice-president, and O. E. Green re-elected secretary-treasurer.

At the annual meeting of the Indiana Blue Goose Monday morning following the underwriters meeting, officers elected were: M. L. G., J. N. Cline, Underwriters Adjustment; Supervisor, T. W. Sprickman, Philadelphia F. & M.; custodian, T. R. Dungan, Fidelity-Phenix; guardian, G. L. Heinz, Springfield; keeper, D. D. Fitzgerald, American Cen-

Again the Head



SUMNER RHOADES

Sumner Rhoades of New York City, manager Eastern Underwriters Association, was reelected president of the National Fire Protection Association at its annual meeting in Milwaukee.

tral; welder, Irving Williams, "Rough Notes."

Retiring Most Loyal Gander P. J. Mangan was presented a Past M. L. G.'s pin. Ganders Cline and Sprickman were elected delegates to the grand next meeting to be held at Toronto in August.

Many members participated in a golf tournament in the afternoon. Mr. Man-

(CONTINUED ON PAGE 8)

Valuations Committee Is Given Authority to Act

MAY ADOPT 1933 STANDARD

Commissioners Delegate Responsibility to Make Decision Prior to Their December Meeting in New York

Inasmuch as annual statement time is several months distant and because the course of the security market is so unpredictable at this time, the committee on valuations of the National Convention of Insurance Commissioners, at the Chicago meeting, did not spend much time in attempting to lay out any prospective course of action. However, the committee did submit a resolution, which was adopted, authorizing the committee to establish a standard of valuations, subject to the approval of the executive committee, prior to the December meeting of the convention.

Wording of Resolution

The resolution reads: "Whereas it appears that it will be necessary for this convention to fix the basis to be used for determining the standard of valuations of securities listed in the statement of insurers for 1933 prior to the December meeting of this convention, in order that the valuation book may be promptly printed,

"Resolved, that the committee on valuations is authorized with the approval of the executive committee to fix such basis and determine such standards and that the committee be authorized to contract for the necessary valuation work and printing and distribution of the valuation book."

Superintendent Van Schaick, as chairman of the committee, made the report and introduced the resolution.

Nebraska Law Complicates Fire Suits Against Carriers

VALUED POLICY STATUTE

Jury in First Case Over Warehouse Fire Grants \$14,500 Judgment; Only \$2,800 Asked

Five suits against as many fire companies, each for \$2,800, are pending in an Omaha court in an effort of the proprietors of the Nebraska Storage Warehouse of that city to collect from these companies, although there were three others on the loss for a total of \$25,000. The companies sued, as a result of a partial loss on the warehouse, Feb. 3, 1932, were the Springfield, Agricultural, Aetna, Milwaukee Mechanics and Westchester, each of which was on the risk for \$10,000. The Great American and Liverpool & London & Globe each had issued a \$7,500 policy and the Sun \$10,000. A public adjuster hired by the assured estimated repairs would cost \$8,000 and supported this by a contractor's estimate. Proofs of loss, however, were filed asking \$30,000, to which the companies objected on the ground the claim was excessive.

Large Judgment Granted

There followed the first suit against the Agricultural which jury returned. Evidence was given that the five policies each called for much more than \$2,800. A jury returned a verdict for \$14,500 in favor of the warehouse company, but the judge objected and refused to enter judgment until he investigated. He stated he would probably pro-rate the amount the Agricultural should pay in accordance with findings in the other four suits, which in the meantime had been filed.

A significant factor in the suits, according to the companies, was that the policies sued on did not contain mortgage clauses, whereas the other three did. The sprinkler system was found shut off. Fire originated in the basement. The assured claimed the sprinkler shut down was to repair a frozen head, but inspection a week previous to the fire showed the sprinkler was cut off then.

Mortgage Complication

There was a mortgage on the property and the mortgagee, according to the Western Adjustment, which was on the loss, notified the assured three days before the fire of intention to foreclose. There was not much stock in the warehouse, there being only some stoves and brooder heaters. The original estimate of the Western Adjustment was \$15,000 loss.

In view of the judgment against the Agricultural and the valued policy law of Nebraska, it is feared there is a possibility each of the companies may be required to pay the full amount of its policy. Adjusters say under the Nebraska valued policy law the companies are at a serious disadvantage, the juries frequently being interested only in the amount of fire insurance on a risk, and whether the premium was paid.

Eliminate Salary Limit

WASHINGTON, D. C., June 7.—Eliminating the provision that no loans shall be made by the Reconstruction Finance Corporation to insurance companies paying any official or employee more than \$17,500 a year, and providing instead that loans shall be made only to companies paying salaries considered reasonable by the corporation, conferees of the House and Senate have compromised their differences on the Fletcher bill providing for the purchase of insurance company securities.

A quarterly dividend of 50 cents per share was declared by the Home Fire & Marine, payable June 15.

THE WEEK IN INSURANCE

Superintendent Van Schaick of New York, in an address before commissioners' convention, urges reform in the system of inter-state liquidations of insurance companies. **Page 3**

All officers were reelected at annual meeting of the National Convention of Insurance Commissioners, at which the attendance set a new record. **Page 3**

Committee on valuations is authorized by National Convention of Insurance Commissioners to adopt a measure for valuing securities in the 1933 statements prior to the meeting of the convention in December. **Page 4**

Definition and interpretation of the writing powers of marine companies, as submitted by casualty, fire and marine interests, is endorsed by the National Convention of Insurance Commissioners. **Page 5**

Commissioners in Chicago session give much attention to the National Surety deal. **Page 39**

Resolution is adopted by commissioners' convention defining premium collections as trust funds and urging the individual officials to call for a list of delinquent agents and brokers. **Page 3**

Sumner Rhoades reelected president of National Fire Protection Association at annual meeting in Milwaukee. **Page 7**

Many companies announce to field forces that scorch and burns claims from cigarettes and smoking materials will be denied hereafter. **Page 6**

Indiana Fire Underwriters Association, Blue Goose and Field Men's Relief Association hold annual meetings in Indianapolis. **Page 4**

Health & Accident Underwriters Conference holds annual meeting in Chicago. **Page 27**

Ability and integrity of company management of prime importance in preserving public confidence President Brown of Commissioners tells H. & A. Conference. **Page 29**

Southeastern Underwriters Association invokes 60-day loss payment clause in annual meeting at Virginia Beach, Va. **Page 41**

Receiver is applied for the Farmers Union Mutual of Des Moines. **Page 9**

Western Manager Charles E. Dox of the London & Lancashire group of Chicago is dead. **Page 5**

Completed program for meeting of National Association of Accident & Health Managers announced. **Page 39**

Great Northern Life takes over Midland Casualty, Milwaukee, also reinsuring commercial and monthly premium accident business of American Bankers. **Page 39**

Nebraska valued policy law complicates five suits against fire companies in Omaha, in one of which jury grants assured \$14,000 judgment on petition for \$2,800. **Page 4**

Insured loss in California oil explosion estimated not over \$500,000. **Page 8**

The American Mutual Alliance of Chicago furnished the entertainment for the National Convention of Insurance Commissioners in Chicago. **Page 8**

The National Surety has appointed E. A. St. John as agency director and H. G. Drake in charge of production. **Page 40**

Burning of fireproof airplane hangar at Roosevelt Field, N. Y., will likely result in higher rates being charged for the class. **Page 15**

Eastern Underwriters Association defines binding agencies. **Page 11**

Program for annual meeting of Mississippi Association of Insurance Agents at Hattiesburg being completed. **Page 3**

Ohio casualty and surety managers meet at Cleveland, where aid of National Bureau in ending plate glass racketeering has been sought. **Page 41**

Change made in California-Commercial Union-Ocean management on Pacific Coast. **Page 6**

Commissioners Act on Balance Issue

Resolution Recommends States Call for Lists of Delinquent Agents

SOME VOICE OPPOSITION

Deputy C. A. Gough of New Jersey Says Departments' Shouldn't Be Collection Agencies

A display of fireworks was witnessed just before adjournment of the National Convention of Insurance Commissioners in Chicago during the discussion of a resolution, subsequently adopted, memorializing the individual commissioners as of Oct. 1, 1933, to demand of companies a list of agents and brokers in arrears in payment of balances on policies issued more than 90 days prior thereto.

The resolution was submitted by Commissioner Dunham of Connecticut as chairman of the committee on conservation. During the course of the convention, Colonel Dunham had conducted several hearings on the question of financial responsibility of agents and other topics, among the witnesses being Paul L. Haid, president Insurance Executives Association and J. H. Doyle, general counsel National Board.

Wanted Stronger Terms

The resolution submitted by Colonel Dunham was strongly advocated by many of the fire insurance representatives, some of whom favored an additional recommendation that the commissioners suspend the licenses of agents and brokers found to be in arrears at reporting time.

The first part of the resolution recommended that premiums collected less commissions be regarded as trust funds.

After the resolution had been read, C. A. Gough, deputy commissioner of New Jersey, said that he could not support the resolution because of its clause recommending the reporting of delinquent agencies. If that clause were adopted, he said, the commissioners would be attempting to take action of their own accord that has been attempted by various state legislatures and is now pending in New Jersey. The resolution, he stated, asked the commissioners to take action which the legislatures themselves have not taken. He said that if the course recommended in the resolution were followed by the individual commissioners, the insurance departments would be made collection agencies, which they are not intended to be.

Course Is Not Mandatory

Col. Dunham remarked that if the resolution were adopted the course recommended would not have to be followed in New Jersey.

Mr. Gough said he realized that but asked why the commissioners should take affirmative or noncommittal action on a proposition which they don't propose to follow when they go home.

Commissioner Clark of Iowa seconded Mr. Gough's objection. He said that collection of balances is a matter of company administration. The insurance department should not obligate itself to become a collecting agency, he said. The proposal, he said, is not plausible and the companies should clean their own house.

Mrs. M. A. Fairchild of the Nebraska department said that the legislature of her state had passed a law providing for

(CONTINUED ON PAGE 23)

Decision in G. & R. Case Is Again Expected in Few Days

BRIEF FILED BY COMMITTEE

Holdings of Company Have Increased in Value \$7,000,000 Since March 24, Jameson Says

NEW YORK, June 7.—Counsel for the rehabilitation committee of the Globe & Rutgers has filed with the supreme court its answering brief to that previously submitted by the attorney for the insurance department. Decision by Justice Frankenthaler may be expected within the next few days.

At a meeting of the rehabilitation committee the proposition of one of the large brokerage houses made on behalf of its clients holding claims against the company was considered. The brokers insist that as a condition precedent to their granting assent to the reorganization program, endorsement thereof must be had by not less than 90 percent of the G. & R. general creditors and that all preferred stock be placed in a voting trust which would have the naming of the company's directors.

As soon as the financial condition of the corporation justifies it, that is after full reserves and a safe surplus be had, the brokers insist that the preferred stock be retired through purchase, thus enabling claimants to get cash in settlement.

Statement by Jameson

A statement from President E. C. Jameson of the Globe & Rutgers to the effect that the market value of the company's holdings has increased more than \$7,000,000 since March 24 attracted much interest throughout the country. Mr. Jameson said that figures have been presented to the court demonstrating that the Globe & Rutgers is entirely solvent and shows a substantial excess of assets over liabilities on the basis of market values for securities as of May 29.

Mr. Jameson expressed the belief that the company, if permitted to do so by the court, will be able to reopen for business without undue delay. Consideration is now being given to the question of future management, he said. "I propose to continue my active connection with the company and a large interest therein," he declared, "but the junior officers of the company who have served so ably in the past, should in the future assume a larger share of the major responsibilities."

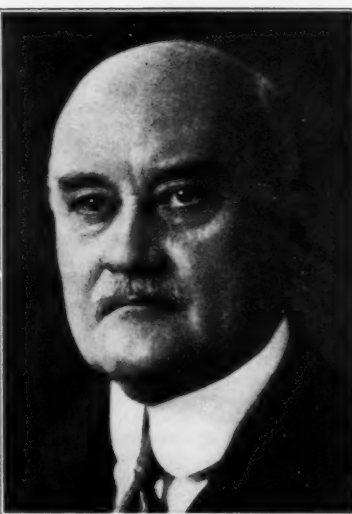
The rehabilitation committee stated that successful reorganization still depends upon getting a very high percentage of claimants to agree to the plan. Agents and brokers are engaged in getting the assents of thousands of small creditors.

Asks Segregation of Loss, Premium Reserve Funds

A communication from Walter H. Bennett, secretary of the National Association of Insurance Agents, was read at the annual meeting of the National Convention of Insurance Commissioners in Chicago, citing the fact that the executive committee of the agents' association at its recent meeting in New York adopted a resolution favoring the segregation of premium reserve and loss reserve funds of fire, casualty and surety companies and their investment in securities of the type of national, state and high grade municipal bonds. Mr. Bennett's communication was referred to the valuations committee.

The Home of New York has reinsured all outstanding liability of the Svea in British Columbia, following the withdrawal of the latter company from that section.

Charles E. Dox Dies After a Long Illness



CHARLES E. DOX

Western Manager Charles E. Dox of the London & Lancashire group at Chicago died Sunday morning at his home at Golf, Ill., on the outskirts of the Glenview Golf Club after a lingering illness. Mr. Dox was last at his office for a short time in October. He has been out of the running for over a year. During the last six months he gradually weakened.

Mr. Dox was a native of Terre Haute, Ind., having been born there Dec. 11, 1861. He started his insurance career as a clerk in a local office and moved to Atlanta in January 1880. He was subsequently appointed special agent of the Continental in its southern department. He transferred his allegiance to the old Phenix of Brooklyn in the southern field and later for nine years traveled for the Norwich Union in the south. When the Lancashire got control of the Orient he was elected secretary July 1, 1900 and went to Hartford. The late A. C. McIlwaine, United States manager London & Lancashire, was an old time southern field man and he and Mr. Dox were close friends.

Located in Chicago

In September 1900 Mr. Dox went to Chicago as manager of the Orient in the west. Later he was given the western management of the London & Lancashire and had control of all the fleet. Mr. Dox was aggressive in his personality and never failed to end the year with a profit for his office. He attended strictly to his knitting and won the loyalty of all in his organization. He was regarded as a shrewd, successful underwriter. His department reported directly to the head office of the London & Lancashire. During his day Mr. Dox served as an official of the Western Adjustment, he was a director of the Underwriters Salvage Company, Western Factory and the Underwriters Laboratories.

The funeral was held at his country home Tuesday afternoon.

Veteran Member of Organization

Mr. Dox was one of the oldest members of the Western Underwriters Association and its predecessor, the Western Union, in point of continuous service. C. W. Higley, now president of the Hanover Fire, was admitted to the Western Union Dec. 19, 1900. Mr. Dox was admitted three days later that year. There are two general agency firms that antedate Mr. Higley and Mr. Dox. Trezevant & Cochran, general agents at Dallas, were admitted Jan. 18, 1900, and D. Cliffe Stone of Nashville on May 28, 1900.

There was a large contingent of insurance men present at Mr. Dox's funeral. Gilbert Kingan of Hartford,

Official O.K. for Marine Definition

Commissioners Endorse Interpretation Agreed to by Marine, Casualty, Fire People

SANCTIONS APPEAL BOARD

Individual Companies Must Now Be Signed Up to Program—Householder's Comprehensive Out

A resolution was adopted at the Chicago gathering of the National Convention of Insurance Commissioners endorsing the agreement arrived at among fire, marine and casualty interests which defines and interprets marine underwriting powers.

A united front was presented by the insurance interests of all classes in submitting this interpretation and definition. The question of overlapping of coverage has been such a controversial issue for so long a time that there was much surprise and gratification at the way in which the various interests finally came to such a definite agreement. Although spokesmen for the fire, marine, casualty and agency interests told the commissioners that an agreement had been reached, the individual companies must now be signed up to the program.

What Resolution Embraces

Under the resolution, the definition and interpretation is endorsed, a joint committee of fire, casualty and marine people is created to adjudicate questions of interpretation and provision is made for the appointment of an appeal board of three commissioners to whom those dissatisfied with holdings of the joint insurance committee may go.

Following submission of the interpretation and definition program to a committee of the commissioners, the instrument was strengthened so that the so-called householders' comprehensive policy, which has provoked so much controversy, is unequivocally proscribed. As first submitted, the clause relating to this policy, read: "Nothing herein before contained shall be construed to permit the use of the policy known as 'the personal property floater,' sometimes referred to as 'the householder's comprehensive' or any other policy substantially the equivalent thereof."

The amended and approved section on this point reads: "Marine and/or transportation policies shall not cover property under the following conditions: 'Any policies substantially the equivalent of the 'personal property floater,' sometimes referred to as the 'householder's comprehensive policy.'"

Title of Appeal Board

The appeal board of the commissioners' convention will be known as the committee for the definition and interpretation of underwriting powers.

In last week's edition there was printed the section of the definition and interpretation, which described those risks which marine and/or transportation policies may not cover. Herewith

(CONTINUED ON PAGE 23)

United States manager of the London & Lancashire, W. R. Houghton of Toronto, manager of the company there and F. J. Gobbie, vice-president London & Lancashire Indemnity of Hartford attended the obsequies. Mrs. Dox and a daughter, Miss Dorothy Dox survive.

Companies Are Coming Out Against Paying Fag Losses

ANNOUNCEMENTS ARE MADE

Recommendations of Organizations Adopted on Nation-Wide Basis— Fine Decisions Are Required

A large number of companies have notified their field forces that payment of scorch and burns claims due to cigarettes or other smoking materials, is entirely discontinued, in line with recommendation made by the Western Underwriters Association at its recent meeting and mandatory action of the Eastern Underwriters Association. The move to end these annoying nuisance claims is nation-wide.

The Automobile of Hartford and Standard Fire are the latest to notify their field forces to this effect, Vice-president Alfred Stinson pointing out that the fire premium does not contemplate payment of such losses, that they are unjustified and represent a gratuity to the policyholder, and that in fact the payment of them would force the companies

to increase fire insurance rates to cover this extra hazard and thus work a hardship to the mass of assureds.

"It will be our purpose in future to decline to consider such claims and we believe ample support will be found for this position," Mr. Stinson stated. "In view of the evidence we have before us, the great majority of the companies have subscribed to this campaign and will be found aggressively in harmony with what is being proposed and will act accordingly. Claims for cigarette scorch losses do not come under our policy contract and payment for such will be declined in future.

To Pay for Real Fires

"A real fire started by a cigarette will receive the same consideration as a fire that might have been started from any other cause."

The announcement will undoubtedly create for adjusters the necessity to make close decisions as to what constitutes a scorch or burn and what an actual fire. Generally it is felt that if damage to a chair arm, piece of furniture or rug does not extend much beyond the area of the cigarette, cigar or pipe, the claim will be denied; but if, for instance, the article smoulders and results in a burned place of minimum diameter upwards of two inches, the position will

be untenable to insist this was only a scorch and it must be considered a fire, even though flame does not result.

California Agents Plan Campaign for Members

SAN FRANCISCO, May 7.—Plans for an intensive membership drive for the latter part of this month are being completed by the California Association of Insurance Agents. Ed. R. Pickett of Sacramento will be in charge of northern California; C. T. Buckman, Visalia, central California, and W. W. Robinson, San Bernardino, southern California. Membership is now practically equal to that of last year but officials are anxious to exceed that record.

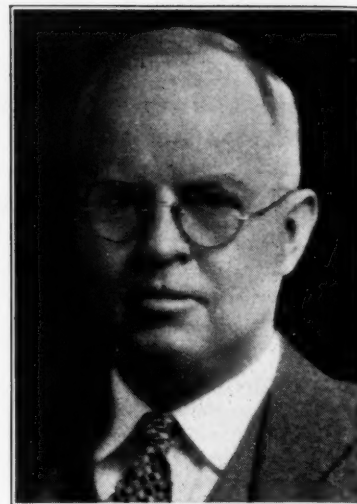
H. V. Brandt Dead in Florida

H. V. Brandt, formerly for a number of years associated with the Syracuse agency of Bowen, Perry & Forbes, died at Manatee, Fla., following an extended illness.

Eberle & Co. State Agent

Eberle & Co., Oklahoma City, has been appointed state agent for the Albany, subsidiary of the Atlas of England.

Retiring Head



J. H. HINES

J. H. Hines of Hines Bros. of Atlanta, southern managers Crum & Forster fleet, retired this week as president of the Southeastern Underwriters Association after two years' service.

Plans for Annual Meeting

Program Being Formulated for Mississippi Association of Insurance Agents Convention

JACKSON, MISS., June 7.—John Sharp Williams III, secretary of the Mississippi Association of Insurance Agents was here this week and announced tentative speakers for the annual meeting at Hattiesburg June 20-21. An invitation has been extended to William Quaid, vice-president of the Home of New York, to address the convention and also to speak at the banquet. James E. Hassinover, president of the Louisiana Insurance Society will speak on the competition of non-stock companies. Either Capt. E. L. Kidd or William Rodriguez will speak on the formation of a tri-state organization of the Mississippi, Louisiana and Arkansas agents. Both are past presidents of the Louisiana Insurance Society. This project has been under consideration for several years. Addresses will be made by George D. Riley, insurance commissioner; Lloyd T. Wheeler, manager of the Mississippi State Rating Bureau, and Shelby Pickett, chairman Mississippi insurance commission.

Modification of Vacancy Clause in West Is Likely

Consideration is being given by the authorities in the west to modification of the vacancy and unoccupancy clause, particularly the rate charge that is made for application of that endorsement on dwelling policies. Objection has been raised that the extra charge of 3 cents a month for vacancy of protected dwellings and 4 cents for unprotected, in many cases amounts in a year to as much as the original premium. Many executives are sympathetic with those who complain that the charge is excessive. There is not so much objection to the charge for mercantile properties, which is 10 per cent extra a month.

Although the companies are likely to modify the charge, they are not likely to recede from the position of refusing to grant unlimited vacancy with or without notice.

T. K. Boyd, formerly associated with Crum & Forster, is now manager of the Ruben Brothers agency at Toledo.

Our "Current Opportunities" Selling Campaign Splits

A \$72,000 Melon!

BY THE FIRE COMPANIES OF
THE AMERICAN GROUP

THOSE of our Agents who have participated in our sales campaign thus far are now sharing a \$72,000 melon—the premiums it has already produced. And bear in mind this melon was created by less than 20 percent. of our Agents, because the planting of our campaign requires a personal visit to the Agency, and we cannot hope to take care of everyone in a short time.

There is no such thing as "mass production" in the insurance business. Mass planning has wasted many a local Agent's time, and so we are working slowly and thoroughly, and achieving remarkable results for times like these. When all of our Agents are participating, the new business

produced per year will be five times the present "melon", or \$350,000.

And this isn't adding anything for renewal value, or better business conditions. Some of the seed which is now merely producing "sprouts" in the form of interested inquiries, will bear richly in time to come. Many an Agent has been told "This one new line is all I can afford now, but I'll be back for that other protection when I have the money."

Our campaign is helping the Agent to earn a living, and will make him a leader when good times return. Thirteen new Agents have taken on our representation just to participate: perhaps you, too, would like to take advantage of "Current Opportunities."

THE AMERICAN OF NEWARK

THE COLUMBIA FIRE OF DAYTON

DIXIE FIRE OF GREENSBORO

Rhoades Reelected Head of N. F. P. A.

Many Plans for Reducing Fire
Hazards Presented at Annual
Meeting in Milwaukee

OFFER ROOSEVELT HELP

Urge Part of Employment Fund Be
Used to Make Federal Property
More Safe From Fire

MILWAUKEE, June 7.—Sumner Rhoades, manager Eastern Underwriters Association, New York, was re-elected president of the National Fire Protection Association at the closing session. Vice-presidents are H. L. Miner, DuPont Company, Wilmington, Del., and G. W. Elliott, secretary chamber of commerce, Philadelphia; managing director, F. H. Wentworth, Boston; chairman of board, Albert T. Bell, Atlantic City; directors, S. D. McComb, New York; C. W. Mowry, Boston; D. J. Price, Washington; R. E. Vernor and S. J. Williams, Chicago.

The convention adopted a resolution, introduced by Vice-president Elliott, offering to President Roosevelt the assistance of members of the association in the program of the government to make federal property safe from fire. The association recommends that a portion of the three billion dollars asked by the President to provide employment for labor be set aside for this purpose.

Smoking Hazard Emphasized

Smoking in theaters was condemned by F. H. Wentworth, managing director. He explained that the smoking hazard is one that defies solution by fire authorities. He cited the increasing number of small losses as a result of damage to furnishings in homes from cigarette burns. He characterized many of these fires as a polite form of arson and predicted that insurance companies might refuse to pay trifling losses of this kind.

Percy Bugbee, assistant managing director reporting on the work of field engineers, said the desperate striving of cities for economies has led to some unwise curtailments of fire departments. The policy of field engineers has been to oppose all obviously unnecessary expenditures but to fight for essential appropriations, especially those for fire prevention work.

The two recent conflagrations in Maine demonstrate the hazard of wooden shingle roofs as conflagration breeders, R. S. Moulton, technical secretary, said. In the Ellsworth and Auburn fires 400 buildings burned with a loss of nearly \$3,000,000 as a result of sparks from wooden shingle roofs spreading the fires beyond control of the fire departments.

Fire Prevention Credit Sought

Fire alarm station location, conflagration barriers and the segregation of hazardous occupancies were discussed in the city planning and zoning committee report, presented by Henry C. Klein, superintendent special risk department New York Underwriters, as a factor in fire insurance rates.

Insurance companies should change their present attitude and give credit for fire prevention work in their base rates, said C. E. Ridley, Chicago, executive director International City Managers' Association. He declared that many city managers have expressed the opinion that unless insurance companies give such credit, as distinct from other factors which determine classifications and

as a return for money spent locally to reduce fire losses, they would find numerous cities asking the government to go into the fire insurance business. He pointed to the Wisconsin state fire fund as a precedent for such government controlled insurance. Texas, he said, is the only state which gives credit for fire prevention work in determining insurance rates.

Probably 25 per cent of fire losses are due to incendiary fires and the annual loss from fires of this kind is \$100,000,000, said A. B. Bielaski, head of the arson department. Probably not more than 1 percent of the policyholders are

likely to have "crooked" fires, he said, but these few are responsible for the relatively large incendiary fire loss. He recommended as steps to control arson a better definition of the crime of attempted arson and a better investigation of fires; licensing of public adjusters and the setting up of a standard of qualifications for them, better prosecution machinery and more cooperation from the courts.

A 1933 edition of the national electrical code was authorized with the adoption of the report of the electrical committee, presented by Chairman A. R. Small, vice-president Underwriters' Laboratories. One of the amendments

inserts a new section on the adequacy of wiring in residential occupancies, based on the fact that where dwellings are inadequately wired the circuits are frequently found overloaded, which increases fire hazard.

New regulations for the construction of vessels and the prevention of fire during the course of construction or repair operations, presented by S. C. McComb, chairman of the marine committee, were tentatively adopted.

Fire departments responding to fires in buildings equipped with automatic sprinklers should immediately connect hose lines to the sprinkler system, said

(CONTINUED ON PAGE 15)

THE MERCANTILE INSURANCE COMPANY OF AMERICA

150 William Street, New York

As of December 31, 1932

Capital \$1,000,000

*Assets	\$6,319,494.80
Liabilities (except Capital)	2,859,554.69
**Surplus to Policyholders	\$3,459,940.11

*In accordance with the requirements of the New York Insurance Department, Bonds subject to amortization are included at amortized values; and Stocks and other Bonds are included at "Convention" values.

**Had actual market values as of December 31, 1932 been used for all bonds and stocks the Surplus to Policyholders would have been greater by \$30,514.42.

Bonds comprised 96% of all investments

Moody's Investors Service (whose bond ratings are officially recognized by the New York Insurance Department) rated these bonds as follows:

68% rated Aaa (highest rating)
23% rated Aa
9% rated A

No bonds were in default either as to principal or interest, and no corporation whose bonds or stocks were owned was in receivership.

Sound underwriting and conservative investments are a guarantee of security for policyholders.

"The Mercantile" has rigidly practised this policy in good times and bad and is, consequently, strongly fortified against hard times.



1897

1933

Our December 31, 1932 financial statement, with complete portfolio of investments with Moody's ratings, is available to anyone on request. Also, the leaflet: "The Financial Statement of a Fire Insurance Company and Its Interpretation."

Best's Rating "A"

Best's rating for this year is based on the Company's underwriting experience and on the liquidity, soundness and diversification of its investments, and its loss paying capacity, that is its cash position with respect to its expectant losses.

Agents generally have realized that there is a distinct advantage to them and to their assureds in dealing with a conservatively managed company; a company without any barnacle-like affiliations but with adequate facilities for handling good business.

Capital \$1,000,000.00
Surplus 823,051.90

Bonds amortized, other assets
market value on December 31,
1932.

EDWARD T. HARRISON
PRESIDENT



Insured Loss in California Oil Explosion Near \$500,000

BIG THIRD PARTY LIABILITY

Zurich Comes Out Well on Public Liability—London Lloyds Reported Hit on Excess Cover

Total insurance loss in the explosion and fire in the Signal Hill oil field near Long Beach, is estimated not over \$500,000. The congested section extending down the hill, which was swept by a tidal wave of blazing gasoline from the bursting tanks, should not suffer over a \$250,000 loss, as although there were many residences on both sides of the street, these were not of high value. Newspapers originally set the loss close to \$3,000,000.

The third party liability, it is believed by insurance men, may well run into large figures. There were seven workmen killed in the compressor house of the Richfield Oil Company which was fired and exploded when an exploding gasoline tank which started the fire, rose in the air and landed on the building. Thirty persons, mostly in the residence section were injured.

Zurich's Loss Is Nominal

Marsh & McLennan were the brokers who placed the line. Public liability was carried by the Zurich General, which had the line five years. The contract called for a limit of \$25,000, which is the figure estimated for this loss. It was said at the head office in Chicago even with this loss a profit on the line will be shown over the period carried. So far as is known no property damage was placed on the risk. Workmen's compensation was either on a self-insurance basis or in the California state fund. This could not be determined definitely this week. In any event, the low legal allowance in case of death makes this loss slight.

It was reported there was a large amount of excess public liability cover placed in London Lloyds.

The loss to the many derricks on Signal Hill, a large number of which were individually owned, could not be quickly estimated. These derricks are said to be valued at \$15,000 each. Most of these, if insured, were done so individually.

This plant where explosion occurred was a gasoline absorption station. Comparatively little oil was stored there, there being a connection to a pipe line, and the oil being pumped in as needed. The cause of the explosion has not been determined.

Three Annual Meetings of Indiana Field Men

(CONTINUED FROM PAGE 4)

gan presided at the Blue Goose dinner in the evening. Commissioner McClain and Al Feeney, head of the Indiana department of safety, were guests of honor.

Albert Feeney, new head of the department of public safety created by the last legislature, was introduced by Toastmaster Mangan and made a favorable impression by his remarks. He is also head of the state fire marshal's office. He expressed intention to see that the fire insurance companies get something in return for their investment, through taxation, of around \$100,000 a year in this department. He pledged cooperation with field men in reducing loss from arson and incendiarism.

Prize winners in the Blue Goose golf tournament Monday afternoon were: First, low gross, F. E. Dukes 88; first low net, E. E. McLaren and W. H. Reitzell, tied, 71, first place being won on toss-up by McLaren; second low gross, G. H. Peet, 89; third low gross, J. N. Cline, 90; second low net, D. S.

American Mutual Alliance Furnishes Entertainment

MUCH HOSPITALITY AT HAND

Interesting Events Scheduled Outside Commissioners' Business Meetings Elicit Favorable Comment

The American Mutual Alliance of Chicago, the directing organization of the Federation of Mutual Fire Insurance Companies, National Association of Automotive Mutual Companies and the National Association of Mutual Casualty Companies, provided the entire entertainment for the National Convention of Insurance Commissioners in Chicago last week. General Manager A. V. Gruhn, Secretary John M. Eaton and their associates deserve great credit for the manner in which they looked after the outside activities. The American Mutual Alliance office staff was present, taking charge of the registration and looking after the details.

Luncheon for the Ladies

The Alliance provided a ladies' luncheon Thursday noon in honor of Mrs. G. W. Brown, wife of the Minnesota commissioner, Mrs. Dan C. Boney, wife of the North Carolina commissioner, Mrs. G. S. Van Schaick, wife of the New York commissioner, and Mrs. Jess G. Read, wife of the Oklahoma commissioner, the officials of the organization.

On Thursday afternoon some 560 people attending the convention were taken by taxis to the world's fair grounds where they were transferred to buses and given an hour's ride in order to view the buildings of the exposition. A lecturer was assigned to each bus. In the evening all assembled in the Old Heidelberg restaurant for dinner. At the head table sat Justin Peters of Philadelphia, president Pennsylvania Lumbermen's Mutual Fire, who is chairman of the American Mutual Alliance, and at his table sat J. J. Fitzgerald of the Grain Dealers National Mutual of Indianapolis; J. C. Harding, western manager Springfield F. & M.; James A. Beha, manager National Bureau of Casualty & Surety Underwriters; Daniel Boone, president Midland Life, and president American Life Convention, Superintendent Palmer of Illinois, Superintendent R. L. Foster of Ontario, Superintendent Van Schaick of New York, Commissioner Brown of Minnesota, Commissioner Boney of North Carolina, Commissioner Read of Oklahoma, Commissioner Thompson of Missouri, Superintendent B. A. Dugal of Quebec, T. F. Cunneen, manager insurance department U. S. Chamber of Commerce; President G. W. Smith of the New England Mutual Life and F. Robertson Jones, manager of the Association of Casualty & Surety Executives. Music was furnished by the Little Symphony Orchestra.

The guests following the dinner were allowed to visit various features of the exposition and then at 10:30 all were taken to the Edgewater Beach in taxicabs.

On Friday cars were furnished for the ladies on a sight-seeing trip through the north shore and northern suburbs. On Friday evening the American Mutual Alliance had the convention people as its guests on a boat ride on the lake affording a night view of Chicago's skyline and the illuminated fair grounds.

The entire program of entertainment furnished by this organization was carried out successfully in every detail and reflects great credit on the management.

Davis and L. E. Tanner, tied, Davis winning on toss-up. J. W. Noble was awarded high gross with G. R. Juenger a close runner-up. Prizes were awarded by Don Davis at the banquet.

NEWS OF THE COMPANIES

Farmers Union Mutual Hit

Receivership Has Been Applied for the Des Moines Insurance Company

DES MOINES, June 7.—Receivership for the Farmers Union Mutual of Des Moines, Iowa, is asked in a petition filed in Polk county district court by O. C. McBurney, Mahaska county, farmer. The complaint alleges the company is insolvent and unable to pay its debts. He alleges that the company has paid him but \$793.97 of a fire loss claim adjusted in November last for \$2,575.87.

W. E. Kennedy, Kankakee, Ill., is president. Other officers include John Chalmers, president of the Iowa Farmers Holiday Association, vice president; W. R. Crouse, Des Moines, secretary and treasurer, and Milo Reno, president of the National Farmers Holiday Association, director.

In its report to the insurance department as of Dec. 31, it listed assets \$406,614. Surplus was given as \$18,728.25. The report listed unpaid fire claims at \$55,177.39.

According to the commissioner of insurance, the company was directed to write no new business after Dec. 10 last, until further order. During 1932 the company sustained heavy losses and has paid Iowa losses only 25 per cent pending an attempt to build up its shattered fortunes. The company operates in Iowa, Illinois and North Dakota.

Receivership is also asked for the affiliated Farmers Union Mutual Life. There has been no action against the Farmers Union Mutual Auto. The life company borrowed \$100,000 from the R. F. C., the fire company \$40,000 and the auto company \$45,000.

Home Office Report Given

Sun of London Gives Some High Spots Bringing Out Some Important Facts

The head office annual statement of the Sun of London shows net premiums in the fire account £2,352,322 as compared with £2,454,739 the previous year. The claims paid and outstanding were £1,151,484 compared with £1,161,078. There is a credit balance of £249,928.

The accident account showed premiums £1,460,283 as compared with £1,473,884 and claims £835,201 as compared with £834,614. There was a credit balance of £127,761.

The marine account showed premiums £608,034 as compared with £567,269. The claims were £519,864. There was a credit balance of £99,981.

The total income from investments on all accounts was £260,085. There was a balance brought forward from 1931 amounting to £1,081,301. After paying dividends less tax of £242,666, there remained £838,634. This, by the operations of the year has been increased to £1,315,704. After transferring this amount to the pension fund and head office premises account, there is a balance of £1,090,704. The paid up capital of the Sun is £600,000. The total fire fund is £2,540,929, accident £1,049,113, marine £901,622, general reserve £1,000,000, pension fund £298,966, profit and loss £846,704, making a total of £7,237,336.

Missouri Valley National Is Now Active in the Field

The Missouri Valley National of Omaha, a mutual company organized late last year by the officers of the Merchants Mutual Burglary of that city, is

acting as a running mate of the older institution. The General States of Omaha handles the underwriting. It charges the full manual rates for town and automobile insurance and then proposes to pay dividends. It pays the same commissions to agents as allowed by the Western Underwriters Association. C. H. Clancy, former Nebraska insurance commissioner, is president, W. T. Wilson, secretary, and C. O. Tal-

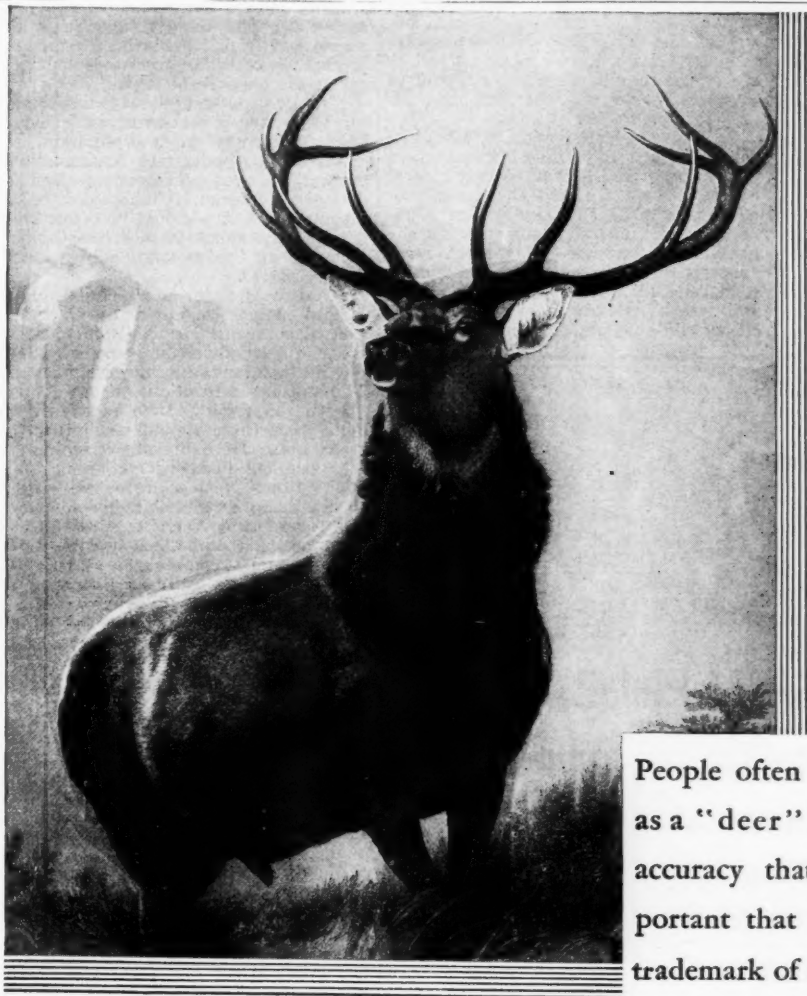
American Home Figures

Figuring its assets on a strictly market basis the American Home of New York is understood to have a clear net surplus at the present time of approximately \$500,000 over and beyond its capital of \$1,000,000; this too, without taking into account the substantial amount due it for reinsurance from the Globe & Rutgers. The American Home continues to function as formerly, its agency force apparently retaining faith

in its management and general underwriting policy.

Home of New York

On page 148 of the 1933 "Argus Fire Chart" in the rank of 35 companies by surplus to policyholders the prefix number indicating the security valuation basis for the Home should be (4) instead of (2). Although the assets of this company are valued on the convention basis the surplus is based on the amortized values for government, state and municipal bonds and Dec. 31, 1932, market values for other bonds and stocks. The contingency reserve of \$19,250,000 which is excluded from the surplus accounts for the difference.



People often refer to the Hartford stag as a "deer" or a "moose", a lack of accuracy that is immaterial—it is important that they know the stag is the trademark of a company whose contracts have never been questioned in its 123 years of service, and that its resources are ample to meet every current obligation to its policyholders. To them that symbol means peace of mind and security—displayed on the walls of the Hartford agent it thus becomes a business asset.

HARTFORD FIRE INSURANCE COMPANY
HARTFORD • CONNECTICUT



Officers Renamed By Commissioners

(CONTINUED FROM PAGE 3)

pay unlimited cash surrender values where failure to do so would cause hardship or suffering.

Adoption of a resolution recommending that premiums collected by fire, casualty and surety agents be regarded as trust funds and that the companies be required to submit to the individual commissioners lists of delinquent agents and brokers was gratifying to the fire insurance company interests.

The valuations committee, under a resolution, was granted authority to promulgate a standard of valuations for the 1933 statements in advance of the December meeting of the executive committee.

Much interest was exhibited in the address of Superintendent Van Schaick of New York, who proposed reforms in the liquidation of insurance companies, to avoid the complications that now exist where the states act independently.

J. B. Thompson reporting as chairman of the executive committee said that the blanks committee had recently approved certain minor changes. Several invitations for the annual meeting

of the convention in 1934 have been received and these have been referred to the executive committee, he said.

Commissioner Clark of Vermont reported as chairman of the auditing committee.

Report By Warner

Superintendent Warner of Ohio, chairman of the committee on laws and legislation, reported that the committee had not had time to investigate the question of uniformity in agents' license laws, but said that this was an important question.

The resolution endorsing an interpretation and definition of the writing powers of marine companies represented an agreement on the part of casualty, fire and marine interests. If the program proves effective, it will mean an end to the troublesome issue of overlapping of coverages, which has disturbed the business for some time.

In his presidential address, Commissioner Brown of Minnesota expressed opposition to the idea of federal control of insurance. He said the same proposal was made 26 years ago as a panacea for all insurance ailments, but the general reaction was unfavorable. State supervision, while open to some criticism, he said, was in the main effective and was constantly improving in efficiency while federal control would mean

a confusion of authority and a duplication of expense. The policyholder would be further removed from the agency to which he looks for help in time of trouble. The states were reluctant to surrender all of their sovereign powers. These same factors, he said, will undoubtedly contribute to the defeat of the present movement.

Defects Are Cited

Agitation for federal control, Mr. Brown stated, is based to some extent upon the existence of real defects in the present system. There is a lack of uniformity in the insurance laws. There is a feeling among legislators that the citizens of their state should be favored over those of foreign states; hence the numerous depository laws designed to protect a particular group of policyholders at the expense of others.

Mr. Brown said the commissioners must continue to work for uniformity of laws, uniformity in interpretation, co-operation in interstate examinations, prompt, efficient and economical liquidation and prompt rehabilitation or reinsurance. There should be cooperation between the states in receiverships particularly in the appointment of ancillary receivers.

Mr. Brown endorsed the legislation of several states providing for rehabilitation of companies in lieu of liquidation.

Mr. Brown dwelt at some length on the life insurance moratorium question. The present restrictions, he said, have proved too rigid and he expressed the belief that there should be further liberalization. He expressed opposition to the complete lifting of the restrictions at this time. Business recovery, he said, is still in an early and therefore uncertain stage and various other factors must be dealt with, including the London economic conference. The situation appears to warrant hope for an early lifting of the restrictions but it calls for caution in taking such action, he said. He favored a more workable comity clause.

Brown of Massachusetts

The paper delivered by Commissioner Brown of Massachusetts also expressed opposition to federal supervision of insurance. He pointed out that such supervision would result in duplication and conflict between government and state authorities, just as in the case of public utilities.

A paper on investments of insurance companies by Commissioner Knott of Florida was read to the convention by Commissioner Riley of Mississippi. He expressed belief that properly made first mortgages would continue to be a good investment for life companies. Recent advances in the stock market, he said, give hope for restoration of governmental and industrial securities to a fair value. He expressed opposition to common stocks for fire and casualty company investments.

Mr. Knott's paper was discussed by Superintendent Davis of the District of Columbia who said that investment laws should represent the common sense of the people.

Commissioner Daniel of Texas in commenting on the paper by Commissioner Knott of Florida said there is no excuse for getting a dollar from the people if the company is going to squander it. He said that fire and casualty companies should keep even more liquid than the life companies.

Distribution of Exposure

Good insurance, he said, involves distribution of exposure in investments just as in underwriting. He said it is pitiful to see so many young life insurance companies putting such a big investment in a home office building. This is comparable to a young couple investing all of their money in an orphanage, he declared.

Mr. Daniel endorsed farm loans. Such investments where carefully and judiciously made will be the first to come back in a period of prosperity. He condemned stock investments and said that most bonds, except those of the state and municipal governments and the fed-

Snap at the Gathering of State Commissioners

Superintendent R. Leighton Foster, of Ontario, while in Chicago for the annual meeting of the National Convention of Insurance Commissioners, received notification that he had been designated King's counsel. This honor is bestowed by the King of England, on his birthday, on lawyers in the empire who have distinguished themselves. Announcement was made at the closing session of the convention of this honor and J. H. Lithgow of the Manufacturers Life of Toronto, explained what the distinction means. He expressed the belief that Mr. Foster is the youngest lawyer ever to receive such an honor. Superintendent Van Schaick of New York expressed the gratification of the convention and Mr. Foster responded gracefully.

* * *

Neal Bassett, president of the Firemen's of Newark, attended the sessions of the commissioners for two days. He was accompanied by H. A. Clark, western manager of his company.

* * *

The new commissioner of Montana, John J. Holmes, who was formerly a general agent for the Minnesota Mutual Life, made many friends at the commissioners' convention. He distributed personal cards, made of copper, which attracted much interest. Incidentally, the new Utah commissioner, E. A. Smith, was also promoting the copper industry in the same way.

Mr. Holmes brought along the attorney general of Montana, Ray T. Nagle, who was in Chicago for a conference with attorney generals of a number of other states.

* * *

Memorials were adopted by the convention for two former commissioners, who died during the year, they being W. K. Chorn, former Missouri superintendent, and A. I. Vorys, former Ohio superintendent and former president of the National Convention of Insurance Commissioners.

* * *

On the bulletin board of the Edgewater Beach hotel, announcing various conventions, there was sandwiched between the names of the National Convention of Insurance Commissioners and the American Institute of Actuaries this significant invention: "National Association of Insecticide & Disinfectant Manufacturers."

* * *

About half an hour after the convention was under way at its first session, President Brown called upon those commissioners who had come in after the roll call to identify themselves. Several commissioners did so and then W. A. Tarver of Texas, the immediate past president of the convention got up. He said that although he was no longer a commissioner he felt he was very much akin to one, because he represented the United States of America. Mr. Tarver is employed by the Reconstruction Finance Corporation to help supervise loans to insurance companies.

eral government are not suitable for insurance company investments.

C. A. Gough, deputy commissioner of New Jersey, commented on the paper by Brown of Massachusetts. He said that heretofore insurance supervision has been administrative and executive and recently it has become judicial and legislative and has even assumed the managerial function. The obligations upon state authorities have been heavy, he said, and their new powers have been exercised satisfactorily. He expressed the hope that conditions will soon return to normal so that the supervisors can assume their ordinary functions.

A committee of five was appointed to inquire into the question of interstate liquidations and reorganizations because of the recommendations in the address of Superintendent Van Schaick of New York. The members of that committee are Theodore Tangeman, director of trade and commerce of Ohio; Commissioners Dunham of Connecticut, Sullivan of Washington, Senff of Kentucky and Palmer of Illinois.



Fire Association of Philadelphia The Reliance Insurance Company Victory Insurance Company

OTHO E. LANE, *President*
JAMES G. MACONACHY, *Vice-President*
WILLIAM S. EVANS, *Vice-President*
J. VICTOR HERD, *Secretary*

HEAD OFFICES

Fourth and Walnut Streets
Philadelphia

DEPARTMENTAL OFFICES

Chicago Atlanta San Francisco Dallas
 Toronto New York

OCEAN AND INLAND MARINE DEPARTMENTS

Appleton & Cox, Inc., Attorney
8 South William Street New York City

Service Offices or General Agencies in all Principal Cities

*Detailed list of Securities showing
condition as of December 31st,
1932, will be supplied on request.*

VIEWED FROM NEW YORK

By GEORGE A. WATSON

WATCH PROGRESS OF BANK BILL

Insurance men are watching the progress of the amendment to the Glass-Steagall banking bill in Congress, which would separate banking and insurance in all member banks, state and national, in the federal reserve system. Both bills have been passed by respective houses and are now in conference. Congressman Hancock of North Carolina was a leader in the attempt to exempt towns of 5,000 or less. The House rejected any amendment.

F. P. HAMILTON RECUPERATING

F. P. Hamilton, president of the Queen, who has been absent through illness from his office for some time, is gaining steadily, though it will likely be several weeks yet before he will be able to return to his desk in New York City. Meanwhile he is taking matters quietly at his farm in Covington, Conn., a property that has been in the family for generations and which affords an agreeable contrast to the bustle of metropolitan life.

BINDING AGENCIES DEFINED

With the application of the previously adopted rules of the Eastern Underwriters Association defining binding agencies, a number of broker offices that heretofore have been profiting through their activities in such connection will find their incomes from this source cut off. The original purpose of appointing country-wide binding offices, which originated some ten or more years ago, was to afford facilities to large city brokers controlling lines in out of town locations and not designed to interfere with strictly agency business. As happens in so many other directions the intent of the move was abused to a considerable degree, offices in New York City, Philadelphia, Boston and Newark notably, securing the binding privilege from companies in their agencies for no other reason than to get the 5 percent overriding allowed for binding outside risks. Business originally turned down by agents in the west and south would oftentimes be bound by these special offices in the east, the risks being sent local representatives who had already declined them direct, for writing.

The net effect of the practice was that companies were paying 5 percent more for the business than the going commission, and at the same time engendering no little antagonism from their regular agents. Numerous complaints to that effect were responsible for the recent adoption of regulations defining what constitutes a legitimate binding office: (a) A salaried employee of a company either operating through the counter of a local home office or a local branch office; (b) an individual, firm or corporation appointed to handle country-wide binding activities exclusively, having no connection, directly or indirectly, with any agency or brokerage office; (c) the principal Manhattan agent of a member company.

FINE UNDERWRITING POLICY

Officials in New York City in commenting on the death of Western Manager Charles E. Dox of the London & Lancashire at Chicago recalled the great work done by the late A. S. McIlwaine, U. S. manager in formulating the underwriting policy of the company. Old time southern field comrades, they were brought together in an official way in the London & Lancashire family. Mr. Dox closely cooperated with the plans of Mr. McIlwaine, who was regarded as one of the most successful underwriters of his day. So well regarded was the underwriting policy of the company that reinsurance treaties with it were eagerly competed for, and commanded a higher figure than that paid for any other cession. Even with the stiff commission allowed the treaty always proved prof-

itable to its carriers. Publication of the annual statements of the London & Lancashire evoked close study on the part of executives as well as agents. Messrs. McIlwaine and Dox made a great team, the splendid agency plant of the London & Lancashire standing as a monument to their underwriting sagacity and general executive ability.

LONDON LLOYDS ACTIVITIES

There is considerable discussion among company executives as to what plan can be pursued to checkmate the activities of the London Lloyds. These underwriters owing to the fact that they do not pay taxes can underbid the regular companies. London Lloyds is said to be particularly active at this time. Some Lloyds representatives operate through Montreal or other Canadian cities and thus clear themselves of establishing a residence in the United States. Michigan is said to be the only state that deals effectively with London Lloyds. Its legislature passed a law forbidding banks accepting indemnity of any nonadmitted institution.

Maclay Is in Home Office as Agency Superintendent

D. E. Maclay, special agent for the Great American in western New York state, has been brought into the home office of that group as agency superintendent.

Mr. Maclay is succeeded in the field by R. W. Lester, Globe & Rutgers' special agent in Florida, who formerly traveled the western New York field for the Globe & Rutgers. Mr. Lester's headquarters will be in the Prudential building in Buffalo.

Vernor on the Wing

R. E. Vernor, Western Actuarial Bureau, will address the annual meeting of the Kentucky Fire Prevention Association at Louisville next Monday. The following day he will speak before the Ohio Fire Chiefs Association at Mansfield on "The Fire Service in the New Deal." Friday he will talk to the Kiwanis Club of Muskegon, Mich.

Lafayette Leaves Kentucky

LOUISVILLE, June 7.—The Lafayette Fire of New Orleans, whose business outside of Louisiana is han-

dled by the North America, is withdrawing from Kentucky as of June 30. All outstanding business in that state is being reinsured 100 percent in the North America. The Lafayette Fire is being replaced by the Central Fire of Baltimore, one of the North America group, in the Bradshaw & Weil general agency of Louisville, which will carry on the Kentucky business of the Lafayette without interruption.

Don Lewis Soon at Old Post

PIERRE, S. D., June 7.—Don C. Lewis, who was removed from the head of the insurance department for political reasons, will again take up the duties as its head the first part of next month, and is making his plans in regard to the work of the department. He announces that he is preparing a program for the working of the department along lines which he believes will increase its efficiency, and reduce the cost of operations, and that the program will be practically outlined by the time he takes up the work again.

C. W. Dowe, who has been manager of the insurance department of the Roab Realty Company, Flint, Mich., for the past nine years, has purchased the insurance business of the company and will operate the agency under his own name.

DON'T LET 3 CENTS STAND BETWEEN YOU

AND SUCCESS

● Some agents are satisfied with their progress. Others are not. Some drift with the tide of depression. Others fight. Some turn their backs on new ideas. Others are searching for new ways of making more money. ● Only the latter group will be interested in what we have to say. ● A request will bring the book "Making More Money." This book contains the basic plan for successful insurance selling. Our records show that this plan helps agents make more money. One agency said, "We have gone over every phase of your proposition carefully and agree that the excellence of your judgment in prescribing for local conditions is almost uncanny." And another, "This is the finest work we have ever seen along this line and we know that it will help materially in building up our agency." ● If we can help others we can help you. Fill in the request coupon. Mail it to us. Don't let a three cent stamp stand between you and success.

SEND FOR THAT FREE BOOKLET TODAY

- BOSTON INSURANCE COMPANY,
- OLD COLONY INSURANCE COMPANY,
- Desk C, 87 Kilby Street, Boston, Mass.

Send me your free book "Making More Money" which contains your basic plan for successful insurance selling. I understand that this places me under no obligation.

Name

Address

City State



NATIONAL UNION FIRE INSURANCE CO.

INCORPORATED 1901

PITTSBURGH, PA.

ORGANIZED INSURANCE IS BETTER PREPARED TO PROTECT AND DOES BETTER PROTECT THE INTERESTS OF THE INSURING PUBLIC, INSURANCE AGENTS, AND STOCKHOLDERS OF INSURANCE COMPANIES.

TRADE ASSOCIATIONS ARE RECOGNIZED BY THE GOVERNMENT AS NOT BEING INIMICAL TO THE PUBLIC INTEREST BUT FOSTER FAIR COMPETITION AND ARE A STIMULUS TO BUSINESS RECOVERY.

THE COMPANIES BUSINESS AND THE AGENTS INTERESTS ARE STABILIZED AND MADE MORE SECURE BY COMPANY AND AGENT ORGANIZATIONS.

**A
GOOD
AGENCY
COMPANY**

AS SEEN FROM CHICAGO

ROUNDING UP BROKERS

The Illinois department is now bearing down on brokers that did not renew their licenses when the time expired March 1. The department sent out notices to all brokers that were licensed last year notifying them of the expiration date. A number did not renew but seemingly continued operations. Investigators of the department have been rounding up those that have still continued. When renewal of license is now applied for, the applicant is asked to list all policies written since March 1, giving full particulars and asking what commission was paid. A penalty is attached where renewal of license was not secured. It was found in some cases life agents felt that their contracts with their companies might be jeopardized if they did other lines of business or dealt with other companies and held back on securing brokers' licenses, placing their business through other licensed brokers.

FERRAND A CHICAGO VISITOR

Maurice Ferrand, foreign superintendent of the Union Fire of Paris at its head office, has been spending several days in Chicago in conference with Manager J. S. Goodwin of the London Assurance, whose United States manager now conducts the affairs of the Union in this country.

LEVENS HEADS AUTO ADJUSTERS

Wilson S. Levens, head of his own independent adjusting company in Chicago, was elected president of the Automobile Adjusters Association of Chicago at the annual meeting. He has been treasurer since the organization was formed in May, 1932. He succeeds Ross Whitney of Greene, Whitney & Miller, independent adjusters. Other new officers are: Vice-president, A. H. Brothers, independent adjuster; secretary, C. F. Davis, North British & Mercantile; treasurer, Paul Kueter of Kueter & Olson, independent adjusters. The members voted to hold the annual outing June 28 at Glen Oak. It is reported the Central Salvage Bureau organized by the companies two months ago to assist in reducing the stripping evil and to form a central place for purchasing parts at standard prices, is functioning successfully. It is operated under contract by H. T. Hollingshead of an automobile sales organization, the companies being represented by A. C. Faeh, former general manager Chicago Automobile Trade Association.

The adjusters now are seeking to have a civil court designated exclusively to hear all automobile cases. It is believed this would give much better control over the situation, making possible greater cooperation of the courts. Better cooperation of police and automobile companies, also is necessary, it is believed, before much improvement can be made.

LEONARD ERION WITH FATHER

Leonard Erion has become associated with his father, Frank L. Erion, nationally known independent adjuster of Chicago. Leonard Erion was graduated from the University of Iowa in 1928, and started with the Chicago Board. After three years he went with Marsh & McLennan. He then was Cook County special agent for Oscar Pofe & Co., Chicago general agency. His varied experience well fits him for his new work.

PALMER'S THREE PURPOSES

Insurance Superintendent Palmer of Illinois responding to the sentiment of the hour at the banquet tendered him in Chicago last week said that he had three purposes in mind in his office. In the first place, he said that Illinois companies should be sound and honestly managed. No company of any other state he said should be admitted to Illi-

nois unless it could pass muster and be recommended. In the second place, he said that policies sold in Illinois should be fair and reasonable. The public should get full value received. In the third place, he said that agents and insurance salesmen should be honest and well qualified. Every man selling insurance in any capacity should have a license, he said. He asserted that Governor Horner has taken a deep interest in the cause of insurance and is in sympathy with every movement to strengthen the department.

W. D. Williams of Rockford, Ill., manager of the Security of New Haven and president of the Western Underwriters Association, made a plea for as much self government in insurance as possible. There should be freedom of action and responsibility placed on management, he said. The public, he declared, gets the best service and the most reasonable rates if companies are not so tightly restricted. He said that antidiscrimination laws have not proved successful.

Insurance Commissioner G. W. Brown of Minnesota, president of the National Convention of Insurance Commissioners, and Manager A. V. Gruhn of the American Mutual Alliance, both referred to the threat of federal regulation of insurance and expressed themselves as being opposed to it.

Secretary W. H. Bennett of the National Association of Insurance Agents, who has spent much time recently in Washington, also came out strongly for state control. He said that the commissioners are endeavoring to do their utmost for the best there is in insurance.

BENNER WITH EBERTH & CO.

The adjusting firm of C. G. Eberth & Co., Chicago, has added to the staff J. W. Benner, who was formerly in charge of marine losses in the home office of the National Union Fire. Mr. Benner, whose experience in this field is broad, becomes manager of the marine department of the adjusting firm. This rounds out the service in all branches of fire and casualty adjusting.

GRAIN ASSOCIATION MEETING

The annual meeting of the Underwriters Grain Association will be held in Chicago June 13. There is a vacancy in the executive committee to be

filled due to the death of Arch O. Burdick of Rollins, Burdick, Hunter Company, who represented the Globe & Rutgers.

The loss ratio for the year will be distressing, as three large elevator fires occurred during the association's fiscal year, they being the Santa Fe and Burlington elevators on the near south side of Chicago and the St. Paul elevator on the near north side.

With the increased price of grain, an increase in premiums is anticipated. Considerable grain has been moved from elevators recently, so that the effect of the higher prices will not be felt to a great extent until the new crop is harvested.

WORLD FAIR DAMAGE

Some damage was done at the world fair in the storm, which struck Chicago Sunday evening. Damage of about \$2,000 was done to the Pantheon and other concessions suffered minor damage. The storm Sunday evening was about as severe as Chicago ever experiences and it offered a good test of the resistance of the fair buildings.

A number of people reported to the emergency hospital at the fair, but no serious injuries were reported. A large number of people have reported to this hospital and it has created the impression that injuries have been numerous. However, many people who are indisposed from natural causes visit the hospital and get some simple remedy. There have been no injuries yet that are likely to cause claims under liability policies.

FIELD MEN'S OUTING

The annual field day of the Cook County Field Club will be held June 16 at Big Run golf club on 135th street one mile west of Archer avenue, Chicago. It is for members and office associates only. There will be golf, baseball, horse-shoe contests, bridge, etc. Secretary A. H. Wishard and J. H. Butt are taking reservations.

LOSS ASSOCIATION TO MEET

The Western Loss Association will meet in Chicago June 20 and then adjourn for the summer season. The session will be devoted to discussion of adjusting problems.

The Chicago office of the Employers Reinsurance of Kansas City will move this week to A1857 Insurance Exchange. B. H. Henderson, resident manager, has charge of three states.

NEWS OF FIELD MEN

Tennessee Field Meeting

Annual Gathering of the Three Organizations Will Be Held Next Week

The annual gathering of the Tennessee Fire Underwriters Association in Nashville next Tuesday will be presided over by President G. W. Harbison, America Fore and Leon McGilton, American, as secretary. The officers will report and likewise the committees. B. A. Gibson, Home, is chairman of the executive committee, N. B. Berry, Aetna, loss committee and Paul Eldridge, Jr., Niagara, legislative committee.

Blue Goose Luncheon

The Blue Goose will hold a luncheon at noon with F. A. Henry, most loyal gander, presiding. Addresses will be given by Insurance Commissioner J. S. Tobin, Fire Commissioner W. E. Jacobs and President W. T. Cheek of the chamber of commerce. There will be a business meeting in the afternoon.

The Tennessee Fire Prevention Association will meet in the afternoon with

W. E. Bethshares, North America, as president in the chair and J. O. Street, Hartford, as vice-president. A discussion will involve high loss ratio towns. The annual dinner dance of the Tennessee Blue Goose will be held at Sunrise Inn in Nine Mile Hill, the evening of June 12. W. L. Nolen, North B. & M. is chairman and F. A. Henry will be toastmaster.

Tidrick Chosen President

Annual Meetings of Ohio Fire Underwriters Association and Blue Goose Held

COLUMBUS, June 7.—R. S. Tidrick of the Springfield was elected president of the Ohio Fire Underwriters Association at its annual meeting. W. J. Gilsdorf, North America was chosen vice-president and H. R. Underwood, Providence Washington, secretary. Directors elected: R. E. Zimmerman, Commercial Union, and T. O. Dye, Connecticut Fire, two years, and E. F. Carnes, New Hampshire, one year. Hold over members are R. W. Hukill, Firemen's Fund, and Paul F. Brown, Hanover. Walter

H. Ross of the Home of New York was elected a member of the association.

The Ohio Blue Goose at its annual meeting in connection with its summer party at the Scioto Country Club here elected these officers: Most Loyal Gander, H. R. Underwood, Providence Washington; Supervisor of the Flock, W. J. Gilsdorf, North America; Custodian of the Goslings, W. E. Gable; Guardian of the Pond, Walter Plangman, American; Keeper of the Golden Goose Egg, Allen C. Guy; Wielder of the Goose Quill, Fred W. Ransom, Providence Washington. Mr. Ransom succeeds B. F. Flood, who has held the position for a number of years. Mr. Flood is connected with the Ohio Inspection Bureau and expects to be absent from the city much of the time as a result of a rearrangement of duties in the bureau.

Flanagan in New Post

Harman Flanagan has resigned as special agent for the Aetna Fire to become a special agent for the National Union Fire in Texas with headquarters in the Maverick building, San Antonio. Mr. Flanagan started in his father's local agency at Georgetown, Tex., and subsequently he was in the local agency business at Lubbock, Tex. After the war he joined the Aetna Fire and served in various fields. Through his new connection, Mr. Flanagan again becomes associated with State Agent Wright, who served in the same capacity with the Aetna Fire.

Firemen's Changes in Texas

Jack Frazier, special agent of the Firemen's of Newark group, has been transferred from Corpus Christi to San Antonio, Tex., and will be in charge of southwest Texas with the exception of San Antonio, which has been assigned to Winston S. Fontaine.

W. F. Seitz, special agent at Waco, has been transferred to Austin, and will be in charge of the territory north of San Antonio. Paul Woods has been transferred from Dallas to San Antonio.

Aetna Makes Texas Changes

The south Texas territory of the Aetna will hereafter be under W. T. Magee, special agent, with headquarters in Houston. A. Sidney Briggs is special agent for east Texas with headquarters in Dallas. T. McD. Almond, special agent, and T. L. Comer, special agent for the inland marine department, will have headquarters in Dallas.

Wisconsin Meetings Scheduled

MILWAUKEE, June 7.—The Wisconsin Blue Goose will hold its annual meeting here June 26 at the Hotel Wisconsin. Five or six ganders will be initiated. H. Verne Myers, Waterloo, Ia., deputy most loyal grand gander, has been invited to attend as grand nest representative and has tentatively accepted.

The Wisconsin Fire Prevention Association will also hold its annual meeting at the same time and place.

Ohio Meetings July 12

The Ohio field clubs and the Fire Prevention Association of Ohio will hold their summer meetings at Cedar Point on July 12 instead of on July 11.

Name Mountain Loss Committee

DENVER, June 7.—The loss committee of the Mountain Field Club for the ensuing year as announced by President L. Allen Beck includes B. M. McDonald, chairman; Richard White, M. W. Parker, H. B. Hickok and President Beck.

La Rue Joins General

A. F. LaRue has been appointed Indiana state agent of the General of Seattle and General Casualty. He has been for nine years a special agent of the G. L. Ramey Agency and prior to

that two years with the National Union. He has had considerable loss adjusting experience and was for five years a member of the Casualty Adjusters Association of Indiana. For the present he will maintain his office at his home, 3014 College avenue, Indianapolis.

Michigan Blue Goose Meeting

The annual meeting of the Michigan Blue Goose will be held at the Hotel Lansing, Lansing, June 12. There will be an initiation and business meeting in the afternoon and dinner in the evening. W. H. Gabriel of the National of Hartford is most loyal gander and W. T. Benallack, secretary of the Michigan F. & M., wielder.

Gaines to Rest

Lloyd Gaines, state agent at Topeka, Kan., for the Commercial Union, has been ordered by his company to take a rest. William Barrett, Concordia, formerly special agent for the Home, will pinch hit for Mr. Gaines.

Moore Heads New Jersey Men

NEWARK, June 7.—At the annual meeting and outing of the New Jersey Special Agents Association the follow-

ing officers were elected: President, Robert Moore, Fireman's Fund; vice-president, Theodore Roller, Fireman's Fund; secretary, John Leach, Meserole group; treasurer, Floyd Coward, Glens Falls. Monthly meetings will be held in the fall on the first Monday of each month. Prentice Reed is to give a course of lectures on losses.

Fire Prevention Annual Meetings

In conjunction with the annual meeting of the Illinois Fire Underwriters association, the annual meeting of the Illinois Fire Prevention association will be held at the Highland Hotel, Delavan, Wis., June 23.

The annual meeting of the Michigan Fire Prevention Association will be held at a luncheon at the Lansing, Mich., Country Club, Tuesday of next week.

Watt San Francisco Speaker

R. B. Watt, former municipal judge and prominent San Francisco insurance attorney addressed the San Francisco Blue Goose at the luncheon June 5 on "Weighing the News." R. L. Countryman, Norwich Union, presided.

Field Notes

J. Branch Taber, Kentucky state agent

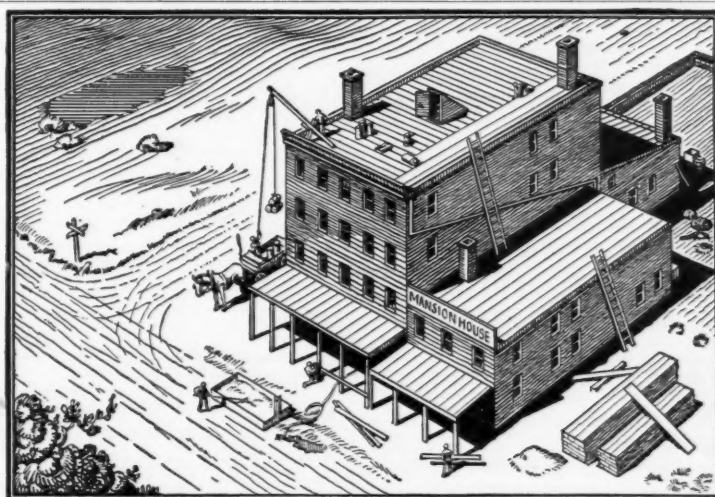
North Dakota Field Men Retain All Old Officers

FARGO, N. D., June 7.—At annual meeting of the North Dakota Fire Underwriters Association here Monday all officers were re-elected as follows: H. F. Morris, Fargo, North British & Mercantile, president; J. Pierce Wolfe, Moorhead, Minn., Security of Connecticut, vice-president; and D. C. Brown, Fargo, Fire Association, secretary-treasurer. S. E. Bickard, New York Underwriters, is chairman of the executive committee with the following members: A. C. Brunsvold, St. Paul Fire & Marine, both of Fargo.

for the Fidelity-Phenix, suffered cuts and bruises in an automobile accident.

James W. Bethel, new Kentucky state agent for the Fireman's Fund, has established offices at 413 Starks building, Louisville.

The annual golf tournament and dinner dance of the San Francisco Blue Goose will be held at the Sonoma Mission Inn, June 24.



Roofing "The Mansion House" at Absecon*

* Atlantic City, N. J., before 1853

IN 1852, New Jersey business men underwrote a railroad to the beach at Absecon, hoping to cheapen sand for glass-manufacture and to attract a few excursionists. Before that road was finished, the four Lee sisters—Lizzie, May, Sallie and Julia—started "The Mansion House", a hotel on the barren coast which was to become America's greatest shore resort.

The Camden Fire Insurance Association issued a \$4000 builders risk policy on "The

Mansion House" in a year when Atlantic City had only 18 voters. The hotel was completed, the resort began its amazing career, the Lee sisters prospered.

The Camden Fire was able then to protect sound enterprises. It is 1500 times as able today. The coupon below will bring you folders describing U. & O. and Rental Insurance, two important premium-producers. Get them.



These folders appeal to business men

CAMDEN FIRE INSURANCE ASSOCIATION CAMDEN, NEW JERSEY

A sound, responsible Agency Company, founded in 1841

Please send me specimens of the folders Camden Agents use in selling "USE AND OCCUPANCY", and "LEASEHOLD AND RENT". My clients may be interested.

Name _____

Address _____

City & State _____

N-5

More Assets Better Assets Greater Liquidity

ANNUAL STATEMENT December 31, 1932

ASSETS

Cash in Banks.....	\$ 273,447.02
U. S. Bonds and Treasury Notes.....	319,741.00
Other Bonds.....	236,657.50
Stocks.....	1,367,555.22
Mortgage Loans.....	213,780.95
Collateral Loans.....	86,607.33
Due from Agents and Other Companies (Not over 90 days old).....	269,391.64
Real Estate.....	186,778.46
Accrued Interest.....	14,481.66
Other Admitted Assets.....	13,871.64
Total.....	\$2,982,312.42

LIABILITIES

Reserve for Unearned Premiums.....	\$ 856,199.06
Reserve for Losses.....	66,366.23
Reserve for Taxes.....	18,000.00
Due to Other Companies.....	28,882.03
Other Liabilities.....	1,609.78
Cash Capital.....	1,000,000.00
Net Surplus.....	1,011,255.32
Total.....	\$2,982,312.42

All bonds carried at amortized values. All listed stocks carried at market, Dec. 31, 1932. All other stocks carried at values fixed by Texas Insurance Department Examiners.

COMPARISON WITH LAST YEAR

	1931	1932
Net Premiums Written.....	\$ 870,180.02	\$1,052,478.87
Reserve for Unearned Premiums.....	722,544.22	856,199.06
Assets.....	2,940,492.14	2,982,312.42
Surplus to Policyholders.....	2,017,740.88	2,011,255.32

GULF INSURANCE COMPANY

E. L. FLIPPEN,
President

G. G. SHEERIN,
Vice-Pres.

T. R. MANSFIELD,
V. P. and Sec'y

DALLAS, TEXAS

WRITING FIRE AND ALLIED LINES—AUTOMOBILE (FIVE POINT) AND
PLATE GLASS

INCORPORATED 1799

PROVIDENCE WASHINGTON INSURANCE CO.

of Providence, R. I.

Capital \$3,000,000

INCORPORATED 1928

ANCHOR INSURANCE CO.

Providence, R. I.

Organized and Owned by the Providence Washington Insurance Co.

Capital \$1,000,000

Each of these Companies writes the following classes of Insurance

FIRE—TORNADO—OCEAN and INLAND MARINE
AND THEIR ALLIED LINES
AUTOMOBILE—FIRE, THEFT and COLLISION

COMBINED POLICIES
AUTOMOBILE—FULL COVERAGE
GOLFERS' EQUIPMENT and LIABILITY
WITH

MARYLAND CASUALTY COMPANY

INCORPORATED 1832

VIRGINIA FIRE AND MARINE INSURANCE CO.

Richmond, Va.

Capital \$500,000

FIRE
SPRINKLER LEAKAGE

TORNADO
AUTOMOBILE INSURANCE

WESTERN DEPARTMENT: 175 W. Jackson Blvd., CHICAGO, J. R. Cashel, Manager

S. E. U. A. Invokes 60 Day Loss Rule

(CONTINUED FROM PAGE 3)

adopted such a mandatory rule, which later was suspended pending conferences between representatives of the fire, casualty and marine branches. Statements from committees showed that agents are affording efficient co-operation with the Pinehurst rule regarding the expansion of mixed agency and stock company agencies and that recent complications are being corrected without delay.

It was announced that the new mandatory agency balance rule which becomes effective June 20 is already having a salutary effect and that the new regulation is being commended by the majority of better agents who recognize that the rule is for the preservation of agent as well as company.

Inspection Form Beneficial

The annual report of Chief Engineer H. N. Pye showed that application of the recently adopted uniform inspection form is resulting in much benefit in S. E. U. A. territory, and that the use of the form has been more universally applied in the southeast than in any other jurisdiction of a territorial underwriting association. Inspections of Chief Engineer Pye's department showed an increase for the year.

During recesses of the Association and its executive committees, meetings were held by the sprinklered risk committee and the committees of the Cotton Insurance Association. With the exception of the Columbus, Ga., cotton fire, in which 9,000 bales were burned, the cotton season has been more satisfactory, so far this year.

Hine's Address Helpful

While the association's agenda was light and attendance was not a record, all present were amply repaid in the address and advice of President Hines. Referring to the economic depression, he stated that it had brought its blessing in presenting a clearer conception of insurance's duty and the welding together of all forces for the performance of the new as well as old obligations. The existing situation has brought a more friendly and cooperative contact with agents. It also has cured the greed for business and there has resulted the understanding that all problems, or most of them, are joint and mutual.

President Hines dealt frankly with the dangers ahead and proper methods with which to meet them, framing them in conformity with the "new deal." He stated that losses for the first four months of the year showed a sharp decrease and while perhaps the crest in the wave of losses has passed, "the need for sound underwriting is still present."

Unprotected business, he said, is not likely to be coaxed into the profit column and "daily reports on protected dwellings cannot go to the file with only perfunctory examination if disaster is to be averted."

Urges Local Agents' Help

President Hines particularly appealed for the cooperation of local agents, urging that they give even greater service to the public, and that the public be impressed with the fact that local agents are entitled to their commission because they earn it. He said that many large assureds have no recognition whatever of agency service and agency commission. While advising agents to take this stand, said Mr. Hines, the companies are standing with the agents, knowing that the success or sacrifice of the agent will be the success or sacrifice of the company, salaried employee and stockholder.

Mr. Hines also stated there is needed joint and continuing desire of both companies and agents for the class of underwriting that does not reflect indifference, greed and incompetence in its rates.

The agent who fails to adhere to proper practices, unknowingly is increasing the load in rates, said Mr. Hines, and is spreading wider the differential between the cost of stock company and mutual protection. Company officers and representatives, and agency leaders, he said, must show such agents the light. "We appeal to agents everywhere to join us in the work at hand," he said.

As to the company whose policy of operation is such as to discredit sound underwriting or sound business management, the "new deal" will not long smile upon it, said Mr. Hines.

New Liquidation System Is Needed

(CONTINUED FROM PAGE 3)

recognized standing would be acceptable at times where an agreement containing the same provisions but enjoying no such prestige would not be entertained.

The convention, he said, should consider adopting an official attitude upon certain general principles. For instance, the liquidation of an insurance company should be conducted everywhere under one set of laws, both substantive and procedural.

All creditors of the same class, wherever they are, should be treated equally and should share to a proportionate extent in the distribution of assets.

When creditors of apparently the same class are in different classes owing to some provision of state law, the consequences of this difference should be followed through without any effort to retaliate or to compensate in the liquidation proceedings.

Interpretation of Statute

The interpretation of any state statute should, where possible, be left for determination by the courts of the state in question. Unsatisfactory determination should be appealed rather than nullified in some collateral way.

There should be one central distribution of all general assets to all general claimants.

Claimants whose claims are contested should have some opportunity for a day in court in the state of their residence.

Claims made both against special trust deposits and generally against the assets of the company should be determined only once.

Under the present system, Mr. Van Schaick pointed out that independent receivership proceedings are often instituted in many states. They are usually sponsored by former employees or creditors. In some of these actions, the moving creditor receives a preference. In the liquidation of one New York company such a receivership by a large creditor threatened to absorb all the assets in that particular state. Under these circumstances receivership is no better than attachment, he pointed out.

Affairs Permitted to Drift

In other states nothing is done and the affairs of the company are left to drift until the primary liquidator has time to attend to them. Debtors are able to avoid payment for a long time and sometimes never pay.

Under the present uncertainty of the relationship between the various proceedings it is often impossible to know what to notify claimants to do as to filing claims. There is no uniformity of policy with regard to assisting assureds whom the company was defending under liability policies. The employees of a company in some states will have a preferred claim for wages.

In a creditor receivership, the size of the receiver's fees depends upon the amount of assets collected. Each receiver feels obligated to collect as much as possible.

Claims against casualty or surety companies particularly are for the most part unliquidated. Unless there is

some general basis for the liquidation of these claims the allowances in the different states will differ greatly.

In some states the receivers are required to defend all lawsuits brought by claimants rather than to centralize litigation in the receivership proceedings. This penalizes the whole estate and all other creditors by the heavy cost of such defenses. The acceptance of claims filed after the last day set for the filing of claims is another matter in which local practices differ.

Sometimes the policies of a company are treated as canceled by the order of liquidation in one state while the courts of another state hold them not to be canceled.

The basic cause for the defect in the system of liquidation is that the state agencies to whom the matter is entrusted do not have sufficiently broad jurisdiction.

Rhoades Reelected Head of N. F. P. A.

(CONTINUED FROM PAGE 7)

F. R. Daniel, Milwaukee, chief engineer Wisconsin Fire Insurance Rating Bureau. His report called attention to the frequent cases of heavy losses in such buildings owing to the fact that fire department pumpers taking suction from hydrants nearby have so reduced the available water supply for the sprinklers that failures have resulted with heavy loss.

Losses in farm and rural districts were reported as over 60 percent of the entire national fire waste. Dr. David Price, U. S. Department of Agriculture, chairman farm fire protection committee, presented figures based on studies in farm states, including Iowa, Wisconsin, Indiana and Oregon, which showed that the average loss per fire on the farm was $2\frac{1}{2}$ to 5 times that in urban centers. Regardless of better fire fighting equipment and roads, fire prevention in rural communities is quite the same problem as it was 50 years ago.

Dana Pierce, president Underwriters Laboratories, recommended a program of research and tests to determine the effectiveness of various processes for fireproofing wood and other materials. His committee is planning to develop requirements as soon as adequate research and test results are available.

Codes for the prevention of fires and explosions in occupancies and processes subject to wood dust explosion hazard, and amendments to existing regulations dealing with this hazard in flour and feed mills, terminal grain elevators and pulverized fuel systems, were adopted. These safety codes have resulted in re-

Number of Agents in United States Listed

Alvin Kingsbacher, life insurance man in a contribution in the "Managers' Magazine," published by the Life Insurance Sales Research Bureau of Hartford, gives his estimate of the number of agents licensed in the United States and the District of Columbia, with returns from 38 states, as 340,276. This is an average of 8,720 per state. There were 10 states that made no reply to his questionnaire but using the average the figure is 427,476. He believes this is a very close approximation to the actual number of agents fire, life and casualty licensed in the country.

ducing the average loss per dust explosion since 1921 more than \$560,000.

H. E. Newell, National Board, chairman of the committee on gases, offered recommendations, which were adopted, applying to the piping of anaesthetic gases in hospitals and the protection of oxygen chambers. Some of these anaesthetic gases are flammable and explosive.

Spontaneous heating and ignition, which has long baffled fire experts, is being attacked with an energetic program of research, according to W. D. Grier, New York. A report form was adopted by which accurate fire data on spontaneous ignition will be secured. The annual loss from spontaneous ignition of agricultural and industrial products in the United States and Canada has been estimated at between \$45,000,000 and \$50,000,000.

R. F. C. Loans

WASHINGTON, D. C., June 7.—Eleven loans aggregating \$1,624,000 were authorized to insurance companies by the Reconstruction Finance Corporation during April, it is disclosed by the monthly report just filed with Congress.

The loans were as follows: Maryland Casualty, \$750,000; Guaranty Life of Iowa, \$220,000; American Bankers of Illinois, \$100,000; Consolidated Indemnity, \$100,000; General Casualty of Wisconsin, \$45,000; Union Fire, Neb., \$32,000; Hamburg Town Mutual, Wis., \$15,000. A loan of \$256,000 was authorized for the Abraham Lincoln Life, \$50,000 to the National Old Line Life of Arkansas and \$6,000 to the Norwegian Mutual Fire of Minnesota, but the loans were not taken up by May 15.

Fire Proof Hangar Experience

NEW YORK, June 7.—The burning of the third "fireproof" airplane hangar at Roosevelt Field, N. Y., is believed likely to cause an increase in rates on such structures where they have been written at manual. It is understood that sizable percentage of the fire coverage on other hangars at the field has been canceled as a result of this blaze, in which a \$92,000 building and 10 planes were destroyed.

The insurance on the building was written by companies direct, although most of the planes burned were insured by their various owners through aviation underwriting pools.

Rates Not High Enough

The manual rates on airplane hangars have not been found high enough, due largely, it is believed, to the necessity of classing these structures with garages, and the like, because of the lack of sufficient volume of hangars to form a class by themselves. With the growth of the aviation business underwriters have been able, especially since the formation of the Board of Aviation Underwriters, to get a more accurate experi-

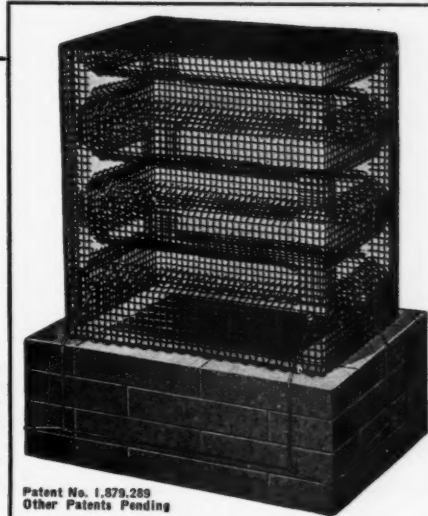
ence rating on hangars as a group. This experience has indicated that a higher rate should be charged, and this has been done for some time by companies writing through the aviation pools and by some others.

Disappointing Feature

The complete destruction of three of the seven large steel concrete hangars at Roosevelt Field has been disappointing to advocates of fireproof construction for such buildings. It has been pointed out that there have been no fire losses at any of the numerous wooden hangars at the same field. While the cause of the fire has not been determined, one underwriter has observed a tendency in supposedly fireproof hangars to neglect the scrupulous "housekeeping" that is practiced in hangars where men are keenly aware that they are in a firetrap.

Because airplanes are extremely inflammable and normally contain a considerable quantity of gasoline, it seems to make little difference what kind of a building they are housed in, once the blaze gains headway.

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Movement Towards Uniformity

Those attending the annual meeting of the NATIONAL CONVENTION OF INSURANCE COMMISSIONERS in CHICAGO observed an increased tendency on the part of members of the convention to march in step with each other and consequently to function more effectively. Recent events have impressed upon state officials the desirability and necessity of acting uniformly. In the background undoubtedly is the threat of federal supervision if the present system cannot be more properly shaped to meet present conditions.

The life insurance moratorium has caused the commissioners to cut through boundary lines and act in concert. Although the diverse life insurance restrictions that were promulgated probably offered no greater differences than exist among the states in the mass of other insurance laws and regulations, they seem more confusing because they were projected suddenly in the various jurisdictions. The regulations were issued practically simultaneously in many states and the differences stood out. The companies through the years have adjusted themselves to differences in the various states and these differences have been part of the knowledge of the insurance company executives. But the current life insurance situation brought

differences among the states, which seemed indigestible. Therefore the commissioners were practically driven to function uniformly and in the emergency they performed admirably.

Now there are other points of difference which may be attacked. For instance, SUPERINTENDENT VAN SCHAICK of NEW YORK desires that attention be given to the complications that arise in interstate liquidations of insurance companies. Because of his recommendations, a committee was appointed to study the question further.

A number of new commissioners attended their first convention in Chicago. They enter their work unprejudiced by former conceptions and as they assume leadership, they will be able to steer the convention further on the new path, which it seems to be taking.

The old way is the easiest way and if the commissioners' convention can be made a more effective organization, from a national point of view, it can meet the emergencies and obviate the necessity for federal control. The NATIONAL CONVENTION OF INSURANCE COMMISSIONERS should be able to act authoritatively and influentially on questions of national importance that are at stake.

Securing Good Batting Average

WHEN PRESIDENT ROOSEVELT in his radio message stated that he did not expect to make a hit every time he came to bat, but he was aiming at a good batting average, he spoke in a language that the man on the street understood. He said that THEODORE ROOSEVELT once told him that if he was sound in 75 percent

of his judgments he would be satisfied. Many people base their reputation on a single achievement. They live on the name of having done one or maybe two things exceedingly well. They are satisfied to rest there. The best reputation is based on doing a number of things well.

New Challenges for Every Day

THE other day the president of one of the large companies said that he went to his office every morning with a great thrill because he felt that each day brought a wonderful adventure. This man has a lively imagination. He sees in life an opportunity to achieve even if it be in a small way. When a man starts on his accustomed duties each

day he sees a golden chance to accomplish something. There is a fresh and new outlook on the landscape. Each day is not the same. There are new challenges all the time.

In all things, success depends upon previous preparation. Without such previous preparation there will be failure.—Proverb of 500 B. C.

PERSONAL SIDE OF BUSINESS

W. H. Strossman, Kentucky special agent of the Hartford and Citizens, and Miss Marie Meier of Lexington, formerly in the Hail Underwriters Adjustment Bureau office at Lexington, were married in Lexington last week.

It will now be Colonel Quaid, in addressing William Quaid, vice-president of the Home of New York, who has been commissioned a colonel on the staff of Governor Laffoon of Kentucky.

Dan L. Gibson, local agent of Albany, Ga., and a former member of the executive committee of the Georgia Association of Insurance Agents, has been appointed postmaster of Albany, which will not conflict with his agency.

Some 30 years ago F. P. Hamilton, now president of the Queen, and C. L. Purdin, manager of the eastern department of the Liverpool & London & Globe and secretary of several of its subsidiary companies, were fellow employees in the Commercial Union office and have ever since been warm personal friends as well as close business associates. Recently Mr. Purdin purchased an 80-acre farm within a mile or two of that long owned by Mr. Hamilton at Covington, Conn., where during weekends, underwriting problems forgotten, the two talk learnedly about the relative merits of different breeds of thoroughbred cattle, proper crop diversification and kindred subjects close to the hearts of farmers.

Other officials who find enjoyment in farm life in the hills of Connecticut are E. C. Jameson, president of the Globe & Rutgers, and C. W. Cooper, secretary of the United States branch of the Northern of London.

C. S. S. Miller, publicity manager of the North British & Mercantile, has been confined to his home for the last few weeks with illness and is now recuperating. Mr. Miller is one of the best known men in insurance in the country.

Mrs. John C. Wood of Hinsdale, Ill., wife of the well known board of trade man, died last week. She was a sister of George H. Bell, western manager of the National of Hartford.

H. N. Kelsey, well known insurance man, has moved his office to 89 Broad street, New York City. He is now engaged in negotiating reinsurance treaties and acting as intermediary for reinsurance or sale of companies.

Ralph Wade, deputy commissioner of Michigan, last week underwent a mastoid operation at a hospital in Lansing.

Upon retiring as chief examiner for the Texas department, J. D. Carter was presented a watch and chain by employees of the department. Mr. Carter has served the department in various capacities for ten years. He was actuary and office manager for the fire insurance department from 1925 to 1930, when he became deputy commissioner of the life department. When the examining division was created in January, 1932, he was made chief examiner. He will open an office in Austin, specializing in insurance law.

Thomas H. Watters, nationally known insurance lawyer of Des Moines and former deputy commissioner of Iowa under the late Commissioner Arthur Savage, was in Chicago last week attending the commissioners' meeting and this week present at the meeting of the Health & Accident Underwriters Conference. He is making a trip through the central west.

K. S. Dargan of Cravens, Dargan & Co., Houston general agents, is taking

an active part in getting the Rotary club of his city, the largest in the southwest, interested in fire prevention. Mr. Dargan contributed an article to the Rotary bulletin in its May 23 issue giving some practical advice on the subject. On May 30 the subject was again pursued. Previous to this Mr. Dargan had R. B. Cousins, Jr., of Austin, secretary Texas fire prevention association committee, as a speaker on the subject.

C. E. Varley, assistant manager western department Springfield Fire & Marine, Chicago, is making a tour of Texas agencies.

C. L. Gandy of Birmingham, Ala., president National Association of Insurance Agents, following the meeting of the Texas Association of Insurance Agents at Corpus Christi where he gave an address went on a tarpon fishing trip. The Gulf of Mexico off Corpus Christi is one of the great tarpon fishing grounds. President Gandy landed one of the two tarpons that his party caught. His fish was 6 feet long and weighed 115 pounds. Mr. Gandy said that this tarpon's common name on the gulf was "Sonny Boy" and was supposed to be the smartest one in the tribe.

Charles W. Gould of the Jesse Gould Company agency, Boston, died of heart disease at his desk last week. He was 57 years old.

The Theodore Schmitt Company of Toledo has been presented with a grandfather clock in recognition of its 52 years of representation of the Globe & Republic. The presentation was made by R. R. Wilde, general agent Globe & Republic, to Walter E. Schmitt, secretary and manager of the Schmitt Company. Mr. Schmitt's father, the late Theodore Schmitt, was presented with a loving cup by the Globe & Republic in 1911, on its 30th anniversary.

C. A. Palmer, advertising and publicity manager at the head office of the North America, is receiving the sympathy of his friends on the death of his father, A. L. Palmer, who was a transfer clerk in the financial department of the company. He was in his 70th year. The elder Palmer was associated with the North America for 45 years.

M. R. Prenner, actuary of the North Dakota department, is now in his home city of Rochester, N. Y., recovering from a second serious operation, which he underwent recently.

Frank G. Snyder, head of the Snyder Brothers General Agency, Louisville, is in the hospital for treatment on his eyes.

E. S. Inglis, vice-president of the Corroon & Reynolds companies, who became ill while attending the annual meeting of the Western Sprinkled Risk Association at French Lick, Ind., is again at his desk in New York City.

W. S. Foster of Chicago, assistant manager of the western department of the North America, spent Memorial Day in Indianapolis with his son who is connected with the Indiana Inspection Bureau. Accompanied by Indiana State Agent Chas. B. Crist, he visited a number of business friends in their offices on the day before.

J. Ross Moore, manager of the National Automobile Underwriters Association, will probably be absent from his office for several weeks as a result of a major operation for appendicitis he was forced to undergo.

As has been his custom for years, C. Weston Bailey, president American of Newark, will spend August at Poland Springs, Me., accompanied by Mrs. Bailey.

Cook County Fire Premiums for Last Five Years Given

Cook county fire, tornado and sprinkler premiums totaled \$16,171,473 in 1932, as compared with \$20,589,532 in 1931, \$24,954,130 in 1930, \$28,578,790 in 1929 and \$29,155,261 in 1928, according to Chicago Board figures. Five year premium comparisons for the leading groups and independent companies follow:

	1928	1929	1930	1931	1932
Aetna	\$ 888,488	\$ 857,815	\$ 743,008	\$ 553,079	\$ 426,299
Agricultural	112,459	152,302	134,018	121,936	116,333
American, N. J.	479,061	455,492	420,355	334,368	269,874
Atlas	354,299	311,978	260,979	185,148	141,403
Automobile	412,225	418,817	396,597	349,524	294,935
Boston	213,150	184,305	129,182	143,789	100,660
Corroon & Reynolds ..	581,929	656,881	496,484	261,411	62,756
Caledonian	318,874	293,006	245,800	215,976	171,575
Commercial Union ..	408,304	437,795	380,987	402,825	317,400
America Fore	1,500,595	1,331,058	1,026,158	910,919	850,686
Dubuque F. & M.	482,149	494,209	417,174	360,604	301,534
Eagle Star & Br. Dom.	235,313	225,194	178,923	157,317	167,581
Fire Association	661,555	673,076	490,184	334,733	273,286
Fireman's Fund	696,532	509,776	483,600	392,657	279,045
Firemens	1,000,051	1,067,047	1,075,195	853,205	722,986
General, Wash.	115,157	168,498	94,320	53,082	20,859
Glens Falls	460,332	504,699	434,965	369,420	291,194
E. C. Jameson	387,816	365,736	290,834	267,896	152,050
Great American	786,795	734,042	646,900	522,830	415,800
Hanover	202,817	214,642	177,105	161,014	133,407
Hartford	1,006,704	965,151	1,001,470	784,198	616,101
Home, N. Y.	1,346,883	1,401,088	1,323,576	1,130,920	855,540
North America	1,337,275	1,226,231	1,109,166	910,207	740,416
E. W. Nourse	354,726	323,620	227,913	206,687	170,073
London & Lancashire ..	955,852	898,978	604,327	610,139	510,454
Lumbermens, Pa.	114,389	110,075	134,423	110,384	94,569
Merchants, N. Y.	382,123	347,115	328,518	284,520	230,993
National, Conn.	744,576	802,300	709,695	582,625	460,265
National Union	249,505	170,100	109,710	134,033	54,583
New Hampshire	156,704	171,321	159,518	142,659	102,682
North British	1,050,495	882,791	759,684	586,342	530,555
Northern, Eng.	263,986	297,276	251,267	240,248	183,563
Norwich Union	181,390	146,875	96,313	134,792	103,412
C. V. Meserole	194,102	188,051	170,651	180,755	134,186
Phoenix, Eng.	469,643	420,041	356,205	360,294	324,564
Phoenix, Hartford ..	988,079	833,862	670,023	571,035	521,333
Providence Wash.	276,997	259,236	267,043	172,008	134,251
Rhode Island	219,366	422,168	382,565	280,258	155,275
Royal Exchange	195,766	143,641	117,929	86,552	121,084
Royal	1,003,632	877,975	658,010	526,702	511,481
Liverpool & London & Globe	684,234	590,361	543,192	531,106	433,766
St. Paul F. & M.	435,395	430,340	414,088	266,680	177,118
Scottish Union	337,056	347,481	387,588	281,063	201,614
Security, Conn.	253,109	250,693	212,674	172,054	129,648
Springfield	739,311	697,815	583,423	487,689	390,011
Tokio	165,982	175,369	186,363	194,006	157,996
J. S. Frelinghuysen ..	83,156	138,120	145,062	90,818	27,322
Sun	368,786	334,436	311,764	250,240	219,555
Svea-Hudson	146,588	139,585	108,352	89,877	53,562
Crum & Forster	1,235,671	1,172,125	871,849	609,957	472,427
Yorkshire	93,813	76,800	115,566	113,349	71,217
Larger Individual Companies					
Buffalo	138,686	142,147	115,469	94,527	76,166
Camden	127,551	134,675	117,831	97,523	69,857
Century	80,004	63,397	63,072	46,674	45,546
Eureka-Security	81,348	59,259	50,300	48,837	44,508
Farmers of Pa.	73,563	92,616	66,043	58,004	63,654
Fidelity & Guaranty ..	74,997	115,089	128,206	114,008	114,008
Insurance Co. of Pa.	198,014	165,909	142,044	106,613	77,544
Millers National	130,433	102,890	85,133	63,922	40,229
Northern, N. Y.	101,366	101,166	141,656	116,320	93,822
Northwestern National ..	225,314	472,620	419,734	330,616	269,710
Ohio Farmers	50,594	44,958	34,577	27,445	17,354
Pioneer Fire	123,398	142,827	139,446	117,024	91,343
Potomac	46,998	44,026	53,918	81,920	54,104
Public Fire	73,292	116,753	91,464	73,518	40,108
Reliable, Ohio	54,350	53,346	36,858	40,384	33,824
Security of Iowa	90,071	90,299	86,997	79,315	76,167
Standard, N. J.	104,557	115,564	100,842	77,775	67,057
Sussex	32,427	44,604	23,346	38,879	33,582
Travelers	189,202	175,097	196,374	178,584	149,210
Universal	80,408	124,813	75,471	29,773	63,523
Total	\$2,669,582	\$3,115,815	\$2,969,716	\$2,443,673	\$1,850,108

Little Call for Riot Cover from Cuban Business Men

NEW YORK, June 7.—Despite the unrest that obtains in certain sections of Cuba through dissatisfaction with its present political administration, very little riot and civil commotion is called for; not that it is undesired, but through the absence of cash on the part of planters generally to pay for the indemnity. At one time a large volume of insurance of this character was in force in certain of the provinces, owners of extensive sugar and tobacco plantations appreciating its need as a safeguard against acts of lawlessness to which their properties might be subjected at any time.

Canadian Conference Held

QUEBEC, June 7.—The annual conference of the Association of Canadian Fire Marshals is being held here this week. Representatives are present from the Dominion Fire Prevention Association and companies.

The Central Fire of Baltimore has entered Kentucky through Bradshaw & Well General Agency Co., Louisville.

Some Upturn Is Noted in Hail Insurance Premiums

With the increase in price of cotton, wheat and farm products hail companies find that there has been more activity in hail insurance than heretofore. The prices however came a little late for the southwest. The rebound is being felt in Oklahoma, Kansas and Nebraska and will be felt in the northwest. In the wheat sections, the premiums are running just about the same as last year. Hail premiums in 1932 were 10 percent of what they were in the peak year some years ago. That shows the terrific reduction in this branch of the business.

Harvest has started of the Kansas wheat crop which will be the smallest since 1917, estimated at 59,486,000 bushels compared with an average of 153,186,000 for the years 1926 to 1930. Last year the crop totaled 106,398,000 and a record crop of 239,742,000 was produced in 1931. The 1917 crop was 45,299,000 bushels.

Due to dry weather and dust storms 48 percent of the 11,477,000 acres sown last fall have been abandoned. An average yield of 9.8 bushels per acre is

forecast for the remainder. There has been very little hail to date.

The federal government will allow farmers insuring their crops against hail in an amount not exceeding \$2 per acre for hail insurance, this being included in the application for federal loans. Other governmental agencies like the regional agricultural credit corporation banks will allow farmers to include in their applications for a loan an amount enough to pay the cost of hail insurance on crops pledged to secure a loan. This action has stimulated hail insurance considerably.

Important St. Louis Meeting

ST. LOUIS, June 7.—At a special meeting of the entire membership of the St. Louis Fire Underwriters Association of St. Louis, Mo., to be held June 15, a proposal that the rules and regulations that now govern the interchange of fire, tornado and sprinkler leakage be broadened and extended to embrace all forms of insurance including bonds will be considered and recommendations presented.

Cancellation Not Effective

John Ciolekiewicz of Clark county, Wis., attempted to cancel his policy of fire insurance held by the Lynn Mutual Fire but his buildings burned before the company received his cancellation, and the state supreme court held this week that he was entitled to recovery.

The Lynn Mutual Jan. 22, 1930 issued a five year policy covering a barn owned by Ciolekiewicz in the sum of \$1,400. In July, 1931, Ciolekiewicz desired additional insurance which the company refused to furnish. He applied to the American of Newark and on July 22, 1931, received a policy for \$1,900.

The trial court found that at the time the application was made to the American Ciolekiewicz delivered the policy issued by the Lynn Mutual to the agent of the American with directions to deliver it to the secretary of the Lynn Mutual.

The barn was destroyed by fire on Nov. 11, 1931. The lower court dismissed the action, but the supreme court sustained it.

"Courts cannot suspend the operation of statutes merely because an unexpected result may work out in a particular case," the opinion declares. "The valued policy law being applicable, it being stipulated that the property was totally destroyed and the fire was accidental, the plaintiff should have had judgment for the amount named in the policy, \$1,400 with interest."

Ciolekiewicz has already been paid \$1,300 by the American which is not a deduction against the amount now recovered against the Lynn Mutual.

Miscellaneous Notes

F. D. Peet and Ernest Benedict have opened an agency at Iowa Falls, Ia.

The W. E. Schmitt agency at Carroll, Ia., has purchased the business of the Wegman agency.

Edward Thomason, 65, insurance adjuster, LeMars, Ia., was seriously injured in an automobile accident.

J. E. McCann, who has operated adjusting offices in Kansas City, Mo., and St. Louis, has closed the Kansas City office.

The North Carolina Home has withdrawn from Wisconsin. Its business there has been reinsured by the Great American.

The C. G. Rothier Agency of Cincinnati has moved from the First National Bank building to the Union Trust building.

W. S. La Londe, who has conducted an insurance agency at Sault Ste. Marie, Mich., since 1901, has formed a partnership with Ed W. Dynes as La Londe & Dynes.

The Cottingham & Butler Service agency at Dubuque, Ia., has been incorporated by J. D. Cottingham and E. G. Butler.

C. W. Houghton of Boone, Ia., has become manager of the insurance department of the Harry C. Crowl Company, Council Bluffs. He succeeds C. L. Sniffin, who recently opened his own agency at 43 Council Bluffs Savings bank building.

Late News from the Casualty Field

Cavanaugh Now on Crusade Throughout the Mid-West

NEW YORK, June 7.—Continuing the campaign against fraudulent loss claimants, ambulance chasing lawyers and unethical doctors which the stock casualty companies initiated some months ago, Major W. P. Cavanaugh, manager of the claim division of the National Bureau of Casualty & Surety Underwriters is now in the central west, enlisting the co-operation of claim men, bar associations, civic authorities and others in the general movement. He spoke in Pittsburgh, June 5, at Clearfield the following day, and is scheduled to address gatherings at Ashtabula, Ohio, today. In turn he plans visiting Indianapolis, Youngstown and other centers, deemed "hot spots" from a claim making standpoint.

Death of Arthur M. Page

KANSAS CITY, MO., June 7.—Arthur M. Page, widely known casualty and surety agent, who was associated with the McCluer-Bilbur Underwriting Company, died of heart disease this week. Mr. Page was 51 years old. Active in association work, he was until recently vice-president of the Kansas City Casualty & Surety Association, and for some years had been connected with the Furgason & Page agency.

Wants Claim Information

Representative Ingersoll of Warren, O., has introduced in the Ohio house a resolution instructing the insurance superintendent to investigate all fire and casualty companies to ascertain their status in regard to suits which have been filed against them. Information sought is grouped under these headings: number of claims filed, number of claims paid, number of claims settled out of court, number of claims settled in court, number of policies of the various kinds enumerated that are outstanding.

It is understood Ingersoll believes this information should be included in the reports of the companies.

Finis for Nebraska Fund

LINCOLN, NEB., June 7.—The last chapter of Nebraska's long sustained effort to maintain an insurance fund for all deposits in state banks by limited levies was written, when a court order was entered perpetually enjoining the state from levying any more assessments upon the banks by virtue of the old law and a still more limited substitute passed in 1930. The decision releases \$3,000,000 held in special reserve funds, two-thirds to the credit of solvent banks and a third to the credit of banks under receivership. The experiment began in 1911, but during the twenties the drain upon the fund, even with maximum levies made, bankrupted it. No accurate figures are available, but it is estimated the deficit exceeds 25 million dollars. The banks, after five years litigation, won a state supreme court victory and the federal supreme court refused review.

Launch Safety Campaign

ELIZABETH, June 7.—Plans for a three months' safety campaign in Union county will be made at a luncheon-meeting here June 22. Governor Moore, H. G. Hoffman, motor vehicle commissioner, and Dr. H. J. Stack, safety engineer National Bureau of Casualty & Surety Underwriters, will speak.

L. E. Booth, formerly vice-president of the Laurens Agency Company, Canton, O., has opened an office of his own at 201 Canton building.

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Bill Repeals Lloyds Section

Special Tax Measures Rest Pending Decision on General Policy in Illinois Legislature

The Illinois law authorizing licensing and operation of Lloyds would be repealed in toto by senate bill 717 filed last week by Senator Earl Searcy of Springfield. Another new bill, S. B. 693, introduced by Senator Clifford, would amend the act providing for organization of mutuals other than life, requiring that after one year denial of liabilities because of inaccuracies in the application for insurance would not be legal. The rewritten department agents' and brokers' qualification bill, H. B. 1054, is on second reading in the house insurance committee.

Another is H. B. 1035, which would make it unlawful for companies rating or grouping insurance companies to offer their service for sale by subscription, but would permit introduction of reports and ratings to policyholders or prospective insurance buyers who make specific inquiries, at a reasonable charge. Penalties ranging from \$500 to \$2,000 are prescribed.

To Concentrate Receiverships

H. B. 1046, a department measure, would authorize only the department of trade and commerce to seek and obtain appointment of receivers for carriers, other than judgment creditors, who could do so after notice to the director.

Several tax bills applying against insurance and insurance producers have been temporarily pigeon-holed pending decision as to the larger policy to be pursued in regard to taxation. A new 3 percent sales tax measure has been introduced since the one passed, and signed by the governor was declared unconstitutional. If this should be adopted, the bills levying specific taxes against insurance would be dropped, it is said.

One of these would impose a general income tax of 1 percent, which would apply to all insurance men. Another would apply an occupational tax of 3 percent, insurance men being specifically named. Both these bills are on second reading.

Wisconsin Levies 2 Percent Tax; Self-Insurers Are Hit

The 2 percent premium tax for maintenance of fire department now applies on all insurance placed in Wisconsin, including that on property exempt from taxation, and also against self-insurers. The bill amending two sections relating to the fire department dues and their collection was passed and became law. Owners of property upon demand of the insurance commissioner are required to furnish statements verified by affidavit showing description and location of property, amount of fire insurance, number of policy or policies, name and location of companies and premiums paid, or if the property has not been insured, the amounts paid into or credited to any insurance fund or other reserve against loss or damage by fire. Willful false statements or neglect to render a statement on the commissioner's demand within 30 days carries a forfeit of \$50, and \$50 additional for each day's neglect after the 30 days.

If the statement discloses insurance has been effected in an unauthorized company or that the owner carries his own insurance, the commissioner is au-

thorized to collect, by civil suit, 2 percent of the annual premium which authorized companies would have charged for insuring the property, the amount to be remitted to the city, village or town in which the property is located.

Governor to Tell Plans for Fire Marshal Under Merger

Governor Landon of Kansas will be one of the principal speakers at the firemen's short course in Wichita, June 12-14 and will reveal the plans for operation of the state bureau of inspection, which will take over the duties of the state fire marshal, hotel inspector and state oil inspector. The future of the fire marshal's department has been a matter of much speculation by insurance interests. The governor has promised that the efficiency of the department will not be lessened.

Others on the program are Clarence Goldsmith, National Board, Chicago; H. K. Rogers, Western Actuarial Bureau, Chicago; Carl Lund, farm special agent America Fore in Oklahoma and president Oklahoma State Fire Prevention Association. E. J. Stewart, chief engineer Kansas Inspection Bureau, is chairman of the fire school committee.

Agency Merger at Kansas City,

Announcement has been made of the purchase of the Albert Mebus Insurance Agency, Kansas City, Kan., by the Holcomb-Tinklepaugh Agency of that city. Both of these agencies are classed among the largest in the city. H. O. Tinklepaugh has been actively in charge of the former agency and will direct the new agency. The offices will be 713 Minnesota Ave. The personnel will now be, L. B. Holcomb, H. O. Tinklepaugh, C. H. Lind, Hughes Porter, Albert Olson, Mary Temple, Gladys Woodworth and Alfreda McCullough.

Franchise for Salvage Patrol

KANSAS CITY, MO., June 7.—H. F. McElroy, city manager, has approved an ordinance granting a new 30-year franchise to the Underwriters' Fire Patrol to operate a fire patrol and salvage service in Kansas City.

Michigan Meeting Oct. 6-7

DETROIT, June 7.—The fall meeting of the Michigan Association of Insurance Agents will be held in St. Joseph, Oct. 6-7. This arrangement has been made so that Michigan agents may attend their annual meeting and proceed to Chicago for the meeting of the National association all in one trip.

Report on Evansville

The gross fire loss for the past five years in Evansville, Ind., amounted to \$1,489,832, according to the National Board, the average loss per fire being \$638, "a moderate amount," and the average annual loss per capita \$2.98, "a moderate figure."

The water supply works are declared to be adequate and mainly reliable. The available quantities are generally fair to good. The fire department is fairly efficient, but somewhat undertrained and undermanned. The fire alarm system is not of proper type and considerably overloaded.

In the congested value district moderately large areas and lack of protection to exposed openings makes severe group fires probable in much of the dis-

trict. Streets are of only fair width and alleys are usually narrow and obstructed by overhead wires. High winds are infrequent and fire fighting facilities are generally strong so that fires involving large portions of the district are not probable. The manufacturing plants are mainly sprinklered but present severe group hazards where mutually exposed.

Iowa Local Agents' Meeting

The annual meeting of the Iowa Association of Insurance Agents will be held at Fort Madison, Sept. 1-2. W. A. Scherle of that city is president, R. J. Hopkirk of Fort Madison secretary and treasurer and A. P. Speers of Centerville vice-president. Painter Knox of Council Bluffs is chairman of the executive committee.

Answer Policy Analysts

ST. LOUIS, June 7.—The Fire Underwriters Association of St. Louis has been advertising in the daily newspapers that it is not necessary for the insuring public to pay fees to obtain the latest available information regarding the status of any insurance company (other than life) as its members will assist in any matter pertaining to insurance needs. There are several concerns in St. Louis that offer to give information concerning insurance companies and to make an analysis of insurance policies for a fee based either on the number of policies or the amount of insurance involved.

Statement of J. S. Lockwood

In answer to a request for a statement, J. S. Lockwood, local agent of Milan, O., who has been charged by H. S. Bowen of Norwalk, O., with having obtained through junk dealers old policies of the Bowen agency, stated: "Wish to say that all expiration data has been returned to Mr. Bowen some

time ago. The dope was mostly old and not of any more value to an agent than names out of a telephone book."

Sentence Auto Club President

FAIRFIELD, IA., June 7.—Hugo Lehman, 34, president Iowa Automobile Club, Davenport, was sentenced in the district court here by Judge R. W. Smith to serve one year in jail on charges of selling automobile insurance in the state illegally. Farmers complained that they paid Smith money for liability insurance but had received no policies.

Kansans Meet in Hutchinson

The annual convention of the Kansas Association of Insurance Agents will be held in October at Hutchinson, according to a bulletin issued by Wade Patton, secretary.

Wichita Outing Held

The Wichita Insurers held their annual picnic and outing for office employees and families this week. Men's activities started off with the annual "grudge" ball game between the "Rebators" and the "Rate Cutters."

The Wichita Insurers have decided to continue their credit bureau arrangement with the Wichita Retail Credit Association.

Saginaw Adopts 30-day Rule

SAGINAW, MICH., June 7.—Saginaw Board has gone on record in favor of adhering to a strict 30-day rule.

Midwest Notes

H. H. Smith, aged 67, Toronto, O., local agent, died following an operation.

J. S. Blackmun, prominent in the insurance business in Hammond, Ind., for the past 30 years, is dead.

S. W. Todd, former Indiana field man, who has recently been doing some special field work for the American States in Indiana, died suddenly last week.

IN THE SOUTHERN STATES

Complete Kentucky Program

Annual Meeting of Local Agents State Association Will Be Held Next Tuesday

LOUISVILLE, June 7.—Program for the annual meeting of the Kentucky Association of Insurance Agents at Louisville, June 13, Brown Hotel, has been mailed to the members. The morning will be devoted to reports mainly. There will be but three talks, all at the afternoon session, one by R. Leland Meeks, president, Kentucky Fire Underwriters Association; G. B. Senff, Kentucky Insurance Commissioner, and Allan I. Wolff, Chicago, chairman executive committee, National Association of Insurance Agents.

The Kentucky Fire Underwriters Association will hold its semi-annual meeting, June 13, with the Kentucky Fire Prevention Association, and Kentucky Blue Goose holding their annual meetings on the same date. The field interests will stay over for the agents' meeting the following day. J. H. Gausepohl of Covington is president of the agents body.

Easy to Separate From Bank

LOUISVILLE, KY., June 7.—Adolph Reutlinger, vice-president Liberty Fire, an affiliate of the Liberty Bank & Trust Co., in discussing the bank control legislation in Washington, remarked that if forced to separate the insurance busi-

ness from bank affiliation, it would be comparatively easy. The insurance company is about six months older than the bank, and formed about 70 years ago. The bank controls only about 20 percent of the insurance company stock through direct ownership. This was not a case of a bank going into the insurance business, but of an insurance company entering banking. The Liberty was originally the German Insurance Company, and the bank was the German Insurance Bank, both changing their names to Liberty during the world war.

"Lew" Foster Joins Father

W. L. Foster, Jr., who has just emerged from the department of engineering at the University of Oklahoma, has joined his father as a junior member of the general agency of W. L. Foster & Co. of Fort Worth, Tex. "Lew" Foster, the son, is regarded as a chip off the old block and has great promise of becoming a real insurance man.

Hornung in New Position

LOUISVILLE, KY., June 7.—P. V. Hornung has left the Liberty Fire of Louisville to take charge of the insurance department of the American Medicinal Spirits Corporation, with plants in Louisville and Baltimore, succeeding Charles E. Mivalez, promoted to other organization work. Mr. Hornung started with Reutlinger & Co., 11 years ago, and later was with its general agency

LOYALTY GROUP

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d Vice Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

CAPITAL

\$ 9,397,690.00

Organized 1855

NEAL BASSETT, Chairman of Board

HENRY M. GRATZ, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d Vice Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

THE GIRARD FIRE AND MARINE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1853

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

\$ 600,000.00

Organized 1854

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

\$ 1,000,000.00

Organized 1866

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

SUPERIOR FIRE INSURANCE COMPANY

\$ 1,000,000.00

Organized 1871

NEAL BASSETT, Chairman of Board

W. E. WOLLAEGER, President JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres.
H. R. M. SMITH, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

\$ 1,000,000.00

Organized 1870

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

THE CAPITAL FIRE INSURANCE COMPANY

\$ 300,000.00

Organized 1886

CHARLES L. JACKMAN, President

NEAL BASSETT, Vice President

UNDERWRITERS FIRE INSURANCE CO. OF CONCORD, N. H.

\$ 100,000.00

Organized 1905

NEAL BASSETT, President

JOHN R. COONEY, Vice Pres. ARCHIBALD KEMP, Vice Pres. HERBERT A. CLARK, Vice Pres. H. R. M. SMITH, Vice Pres.
W. E. WOLLAEGER, Vice Pres. HERMAN AMBOS, Vice Pres. E. G. POTTER, 2d V. Pres. W. W. POTTER, 2d V. Pres.
WALTER J. SCHMIDT, 2d V. Pres. T. LEE TRIMBLE, 2d V. Pres. OLIN BROOKS, 2d V. Pres.

MILWAUKEE MECHANICS' INSURANCE COMPANY

\$ 2,000,000.00

Organized 1852

NEAL BASSETT, Chairman of Board

J. SCOFIELD ROWE, Vice Chairman

H. S. LANDERS, President J. C. HEYER, Vice President WINANT VAN WINKLE, Vice President JOHN R. COONEY, Vice President
E. G. POTTER, 2d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres. T. A. SMITH, Jr., 3rd Vice Pres. F. J. ROAN, 3d Vice Pres.

THE METROPOLITAN CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1874

NEAL BASSETT, Chairman of Board

H. S. LANDERS, President WINANT VAN WINKLE, Vice President J. C. HEYER, Vice President JOHN R. COONEY, Vice President
E. G. POTTER, 2d Vice Pres. T. A. SMITH, 3d Vice Pres. FRANK J. ROAN, 3d Vice Pres. E. R. HUNT, 3d Vice Pres. S. K. McCLURE, 3d Vice Pres.

COMMERCIAL CASUALTY INSURANCE COMPANY

\$ 1,000,000.00

Organized 1909

WESTERN DEPARTMENT
844 Rush Street, Chicago, Illinois
HERBERT A. CLARK, Vice President
H. R. M. SMITH, Vice President
JAMES SMITH, Secretary

CANADIAN DEPARTMENT
461-467 Bay St., Toronto, Canada
MASSIE & RENWICK, Ltd., Managers

EASTERN DEPARTMENT
10 Park Place
NEWARK, NEW JERSEY

PACIFIC DEPARTMENT
220 Bush Street,
San Francisco, California
W. W. & E. G. POTTER, 2nd Vice Presidents
FRED W. SULLIVAN, Secretary
SOUTH-WESTERN DEPARTMENT
912 Commerce St., Dallas, Texas
OLIN BROOKS, 2d Vice President
BEN LEE BOYNTON, Res. Vice President
A. C. MEEKER, Secretary

LOYAL TO PRINCIPLE - TO LOYAL AGENTS, LOYAL

division as state agent for the Central States and Lafayette Fire, until Reutlinger & Co. merged with the Liberty Fire and gave up its general agency at which time he was transferred to local agency work.

Study Disastrous Losses

HENDERSONVILLE, N. C., June 7.—Twenty special agents met here with Wellborn Colquitt of Crum & Forster presiding, to discuss plans to rectify the disastrous loss experience in this territory. The last five years premiums have totaled \$349,000 while losses were \$529,000. Organization of vigilante committees to investigate suspicious fires was effected.

To Require Questionnaire

LOUISVILLE, KY., June 7.—H. W. LaRue, secretary America Fore, in a letter to agents and field men regarding outside unprotected risks, announced that in the future such types of residence property would only be written on questionnaire forms to be attached to the daily report, the rule becoming mandatory. Mr. LaRue stated that for a very long period such outside or unprotected business had produced high loss ratio, and unless such condition is

improved, it may become necessary to discontinue writing the class. In any event only a limited amount of outside business can be entertained, and then closely scrutinized with particular thought given to proper insurance, to present values, and moral hazard of owners or tenants.

Suburban Rates Increased

COVINGTON, KY., June 7.—It has recently become known that unprotected suburban property, in Kenton and Campbell counties, outside of the city limits of Newport, Covington and several closely grouped towns on the south bank of the Ohio, opposite Cincinnati, which have long enjoyed special privilege rates as a result of a measure of fire protection from these nearby cities, will shortly be placed on the tenth class rating the same as unprotected properties elsewhere in the state.

H. D. Palmers, city manager of Covington, in a letter to J. H. Gausepohl, president Underwriters Association of Northern Kentucky, registered a protest against the increase in rates for dwellings in Kenton county. He declared that the per capita fire loss for Covington for 1932 was the lowest of any city of over 20,000 population in Kentucky. He pointed to the purchase of new fire

Bennett and Saint Will Talk at Virginia Meet

RICHMOND, VA., June 7.—Lessons learned from the period of the depression will be the general theme of the annual convention of the Virginia Association of Insurance Agents in Charlottesville June 23-24, according to W. O. Wilson, Richmond, president. Walter H. Bennett, secretary of the National association will talk on "Liquid Assets," and John D. Saint, secretary-manager of North Carolina association, on "The Ties That Bind Association Memberships."

fighting equipment and the recent completion of the new emergency water main, doubling the water capacity for the city.

Makes Survey of Atlanta

The National Board is making its periodical survey of Atlanta to determine the rating basis for the next five years.

Southern Notes

Mrs. Evelyn Stephens has bought the Eastman agency at Lawton, Okla.

R. L. Woodward, 71, member of the Suffolk, Va., local agency of Woodward & Elam, died there following an illness of several weeks.

F. T. Cardwell of the local agency of Cardwell & Duke, Ardmore, Okla., died at his home there. He had been in the insurance business in Ardmore 12 years.

Samuel T. Gordon, for a number of years in the field in Kentucky for the Western, Glens Falls and others, has returned to Louisville and entered the agency business as Samuel T. Gordon & Co.

News of Pacific Coast States

Plans for Annual Meeting

Washington Insurance Agents League Will Have Its Convention at Tacoma in August

The Washington Insurance Agents' League has set the dates for its annual convention at Tacoma as Aug. 10-11. The Hotel Winthrop will be convention headquarters. Secretary W. H. Bennett of the National Association of Insurance Agents will be the featured speaker. On the afternoon of the second day a golf tournament will be held at the Tacoma Country Golf Club. There will be sight-seeing trips and other entertainment for all hands.

Harold N. Mann, 314 Tacoma building, Tacoma, is chairman of the convention committee.

Adjusting Earthquake Loss

Claims Will Run Much Higher in Southern California Than Was Anticipated

NEW YORK, June 7.—A local company executive recently home from an extended trip along the Pacific Coast found adjusters still busy settling claims in southern California resulting from the earthquake of March 10. What the companies will eventually pay in the aggregate is still a matter for speculation, he said, though it is a fair assumption that the amount will be materially larger than early estimates indicated. Companies that wrote single interest covers for mortgagees, it is understood,

will face some pretty stiff claims, while on the other hand many offices will have an advantage through the practice of assureds in limiting their losses so as to maintain leaseholds. Percentage deductible clauses too will cover many of the losses. The work of repairing damaged buildings in Long Beach, Compton, Huntington Park, Los Angeles and other communities is progressing steadily, care being exercised in every case to eliminate overhanging cornices, all corners on repaired structures being strongly reinforced. The Reconstruction Finance Corporation has indicated readiness to advance \$50,000,000 to be used in building repairs, insisting, however, that its interest in each of the properties on which any part of the funds is expended be properly safeguarded.

New Mexico Fire College

The fire college of the New Mexico State Firemen's Association will be held June 5-7 at Las Cruces. The principal speakers will be H. K. Rogers, Western Actuarial Bureau; L. A. Barley, Mountain States Inspection Bureau and Clarence Goldsmith, National Board.

Urge Accident Prevention Action

DENVER, June 7.—The Denver Association of Insurance Agents heard C. C. Milliken, city manager of safety, talk on "How the Insurance Man Can Cooperate on Accident Prevention." He suggested that the association adopt the system now in use in Memphis, Tenn., and other cities, under which each member of the agents' association reports to its secretary traffic violations witnessed. The association mails a friendly notice to the violator, but the police department is not apprised unless violations by the same individual continue to be reported.

President Frank England, Jr., appointed a committee to study the proposal.

Utah Agents Meet with Board

SAN FRANCISCO, June 7.—A group of local agents from Utah met with the states committee of the Pacific Board here to discuss legislation, losses, agency relations and business conditions generally. The Utah delegation was headed by Carl Gaskill, Ogden, president Utah Association of Insurance Agents, and Jay Rogers, Salt Lake, chairman of the agents' conference committee.

G. P. Porter Opens Agency

George P. Porter, formerly state auditor and commissioner of insurance of Montana, has established a local agency at 704 State street, Helena. He intends to write all kinds of insurance including fire, casualty, surety bonds and life. He is now seeking companies. Mr. Porter has a wide acquaintance and will no doubt build up a strong agency.

Mountain General Agents Elect

DENVER, JUNE 7.—L. H. Simon-ton of the Braerton, Simon-ton, Brown general agency was reelected president of the General Agents Association of Colorado, Wyoming and New Mexico at the annual meeting. All other officers also were reelected. C. F. Cashman, Cashman & Evans, is vice-president, and R. H. Stebbins, Mountain States General Agency, secretary-treasurer.

Brokers Elect June 14

SAN FRANCISCO, June 7.—The semi-annual meeting of the Insurance Brokers Exchange of San Francisco will be held June 14, when officers will be elected and three amendments to the constitution and by-laws will be voted upon. One amendment would reduce the membership fee to \$150, from the present rate of \$250 for an individual member, ranging up to \$750 for a corporation.

A special meeting of members of the

FINANCIAL SECURITY

plus

SOUND
PRINCIPLES OF
BUSINESS
DETERMINES
CHARACTER



Will Wright
Field Correspondent

THE YORKSHIRE
INSURANCE CO. LTD
LONDON & PROVINCIAL
MARINE & GENERAL INS. CO. LTD
SEABOARD
FIRE & MARINE AND THE
YORKSHIRE
INDEMNITY CO. OF N.Y.

90 JOHN STREET - - NEW YORK CITY

exchange who use special forms was held June 5 to discuss form requirements of the Pacific board. The many mandatory clauses in the board's contracts have created a situation which needs clarification, in the minds of several members of the organization.

Protection Standing Reduced

Pueblo, Colorado's second largest city, has been demoted from Class 4 protection to Class 6 following an inspection by the National Board. It was erroneously announced previously that the city had been placed in Class 5, but it has since been explained that figure was taken from a preliminary report, and was not final.

An estimated average increase of 15 percent on public buildings, churches, schools and mercantile buildings and stocks will result. Residences will not be affected.

Can Assess Reciprocals

The California commissioner will have the right to levy assessments on subscribers of reciprocals and like institutions, if reserves or surplus are impaired, under the new reciprocal act, signed by Governor Rolph.

Await Companies' Action

DENVER, June 7.—Although members of the Mountain Field Club are agreed that claims arising out of cigarette burns should be denied, the organi-

zation at its Monday meeting declined to act on the subject in the absence of any action by any of the company associations.

Failure to adopt a rule governing distribution of traveling expenses incurred in connection with delinquent agencies under the control of club committees resulted after numerous speakers gave convincing reasons why each case should be handled in accordance with its circumstances.

Colorado Directors Elected

N. C. Steel, Denver, and Myron Collins, Colorado Springs, have been elected directors of the Colorado Association of Insurance Agents to fill vacancies.

Ask Data from Companies

The committee of the Arizona legislature that has been investigating the Arizona state corporation commission has asked insurance companies to furnish data regarding taxes and fees paid by them to the commission in the last two years.

A. S. Ralph of Santa Ana, Cal., who recently severed his connection with the Automobile Club of Orange County and the Automobile Indemnity Exchange, which he organized about 19 years ago and has since managed, has opened offices at 205 Abstract & Title Insurance building, Santa Ana. His agency will operate on a board basis, representing the Home of New York and Springfield Fire & Marine.

ards are strikingly illustrated. The hazard of gasoline and other vapors of flammable volatiles is shown by the actual passage of flame through a 25-foot stream of vapor, the resultant ignition of the pan of liquid giving off the vapors, and the blowing up of the supposedly empty can used to hold the liquid. The breaking of a 60 watt electric lamp in the presence of such vapors as might readily be in evidence about an automobile impresses one with the danger of using unguarded lights in working on a car.

Cancellation Rules Changed

BOSTON, June 7.—A change in the rules relative to the return of cancelled policies has been adopted by the New England Insurance Exchange and will go into effect upon concurrence by the Boston Board. The new form provides that "No annual or longer term policy, certificate or open policy shall be cancelled with full return premium unless such policy, certificate or copy of policy entry is returned to the company or stamping office within 45 days of its inception."

"Unless such cancelled policy, certificate or copy of policy entry is received by the company or stamping office within 45 days of its inception, the earned

premium must be figured from the inception date and to a date not more than ten days prior to the date the cancelled policy, certificate or policy entry was received by the company or stamping office."

New England Exchange Retirements

BOSTON, June 7.—Four veteran employees of the New England Insurance Exchange will go on the reserve list this month. Joseph Couillard, Boston electrical inspector; W. H. Pruden, associate manager stamping office at Springfield, Mass.; F. A. Smith, Portland, Me., manager and T. H. Day, Hartford, Conn., electrical inspector.

Cigarette Losses in Canada

NEW YORK, June 7.—Whether Canadian underwriters will follow the example of their companies on this side the border in declining to admit liability for small losses caused by cigarettes, will depend on the decision of the Dominion Board, which has the matter under review. The question came up before several of the provincial associations recently, but without result other than to refer it to the superior body, the feeling being that whatever action was taken should be uniform.

EASTERN STATES ACTIVITIES

New England Agents Meeting

Gather in Boston for One-Day Session
—Beha, Brown and Bennett to Speak

The annual midsummer convention of the New England Associations of Agents, under a change of plan for this year, is being held this week in Boston, the gathering being a one-day convention, with a night before get-together dinner.

Governor to Be Guest

Governor Joseph B. Ely is to be guest of honor at the dinner with James A. Beha, general manager National Bureau of Casualty & Surety Underwriters, and Commissioner Merton L. Brown of Massachusetts as principal speakers. President Thomas C. Cheney of the New England Advisory Board will preside.

The speakers for the business sessions include Manager H. P. Smith of the Factory Insurance Association, M. T. Ryan, motor vehicle registrar of Massachusetts; and Secretary Walter H. Bennett of the National association.

Would Reduce Newark Losses

NEWARK, June 7.—The fire prevention committee of the Newark Safety Council, headed by J. Elmer Pearce, is making special efforts to reduce the fire loss ratio in Newark. A number of prominent men have been appointed on the reorganized committee including S. E. Parker, superintendent improved risk department American of Newark and president of the New Jersey Society of Insurance. The committee will co-operate with owners of property, executives of industrial plants and the general public.

Maine Coverage Reduced

AUGUSTA, ME., June 7.—Governor Brann of Maine has issued an order that fire coverage on all state buildings be reduced 15 percent, stating that the drop in property value justifies the step. Premiums will be reduced from \$42,000 to \$35,700.

Atlantic City Program Out

Annual Conference of Pennsylvania Insurance Days Will Include Interesting Features

At the annual meeting of Pennsylvania Insurance Days to be held next week at Atlantic City, H. W. Teamer, secretary-manager Pennsylvania Insurance Federation, will give an address outlining the legislative activities at a luncheon June 15. In the evening there will be a smoker. At the morning session June 16, R. C. Mead, assistant manager automobile department National Bureau of Casualty & Surety Underwriters, will speak on "The making of public liability and property damage rates as it refers to automobile coverage." G. B. Muldaur, general agent Underwriters Laboratories in New York City, will give a talk showing the methods followed in testing materials and apparatus. On the last morning John J. King, president Hooper-Holmes company of New York City, will speak on "Reminiscences of the Builders of Insurance." George R. White, actuary of the Penn Mutual Life, will talk on the regulations governing policy loans and cash surrender values on life policies. The banquet will be held on the evening of June 17 with G. W. Elliott, secretary of the Philadelphia chamber of commerce, as toastmaster. Lowell Thomas will be the speaker.

Franklin to Give Address

Automobile of Hartford Special Hazard Department Man to Speak to Fire Chiefs

T. Z. Franklin, manager of the special hazard department of the Automobile of Hartford, will address the fire chiefs of New England at their annual convention to be held at Lewiston, Me., June 20-22.

Mr. Franklin is one of the pioneers in visual education along fire prevention lines, and his talk is made extremely interesting to the average person by the use of laboratory and special apparatus by means of which many common haz-

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Commissioners Act on Balance Issue

(CONTINUED FROM PAGE 5)

the withholding of licenses of agents who are in arrears.

Mortensen Asks Question

Commissioner Mortensen of Wisconsin asked Clark of Iowa what his practice was when complaints about agents come in. Mr. Clark answered that an investigation is conducted and if embezzlement is involved action is taken. He said that the companies never "stay put" on any matter regarding an agent.

Commissioner Tobin of Tennessee also expressed opposition to the resolution. He said that the companies never agree on what should be done about an agent. One company, for instance, will ask that an agent's license be canceled and other companies immediately will seek licenses for that agent. The department can't act effectively, he said, and an interminable amount of time is taken up in such work. Enforcement machinery would have to be set up and a staff of clerks would have to be employed to follow up the statements of the companies. He objected to such an important question being brought up towards the close of the convention.

Commissioner Olsness of North Dakota suggested that the resolution be modified so as to recommend that legislation be passed in the various states.

Van Schaick Helps Cause

At this juncture when sentiment seemed to be running strong against adopting the resolution, Superintendent Van Schaick of New York made a strong appeal for it, which undoubtedly put it across. He said that the resolution was one of the mildest proposals that could be made toward solution of such a grave problem. The resolution merely recommends the ascertainment of facts for whatever action the commissioner is disposed to take. He said it would be unfortunate if the convention should negative such a mild proposal.

Mr. Gough said there is nothing to hinder a commissioner from calling for whatever information he desires and that a resolution is not necessary.

Col. Dunham said that in the committee hearings there was testimony from insurance people that the companies lost between \$5,000,000 and \$10,000,000 in a year in not taken policies and unpaid balances. Adoption of the resolution would be simply a gesture that the commissioners favor eliminating waste. Commissioner Mitchell of California said that adoption of the resolution would be a step forward. A vote was taken and the resolution was adopted.

Wants Standing Committee

Commissioner Dunham also offered a resolution, which was adopted, providing that the committee on conservation be made a standing committee. He said that the committee at Chicago heard testimony as to the elimination of multiplicity of policy forms. The fire companies have taken action in this direction and he said that the casualty companies plan to cut their number of policies. The fire company representatives said they found they could save some \$200,000 a year through this step.

The question of unnecessary regulations by insurance departments was taken up by the committee, he said. Discussion was held on the subject of simplifying reports and Col. Dunham expressed the belief that this should be done with reports including annual statements.

The multiplicity of insurance organizations and the duplication of work was studied. Col. Dunham said that attention should be given to the expense of examinations of companies. A survey was made and the cost of such examinations ranged from nothing to \$39,000. The requirement of duplicate copies of

annual statements is expensive, he said.

Col. Dunham offered another resolution, which was adopted, endorsing the action of the companies in cutting down the number of policies to three—standard fire, standard windstorm and standard combined—and urging cooperation of the commissioners in restricting the number of policy forms in their states.

The resolution on agency balances reads as follows:

Whereas it is of the utmost importance that the total assets of insurance companies shall be at all times immediately available for the payment of losses, return premiums and claims which may arise; and

Whereas, premium balances more than 90 days due cannot be treated under convention rules as admitted assets for annual statement purposes; and

Whereas the ability of companies to meet their contractual obligations is in a great measure dependent upon the prompt collection and transmission into the hands of the company of the premium income due on outstanding contracts; Therefore, be it

Resolved, that the National Convention of Insurance Commissioners deprecates the undue extension of credit to policyholders with its consequent evil of free insurance and urges upon all concerned the importance of the collection of premiums and the prompt transmission of funds so collected to the companies entitled thereto and the convention hereby recommends and urges that each commissioner shall for the purpose of supervision consider the premium collected by agents and brokers less commissions as trust funds belonging to their principals.

It is further recommended and urged that each commissioner shall require a statement under oath from each company as of Oct. 1, 1933, and quarterly thereafter a list of all agents and brokers who are in arrears in the payment of any balances on policies issued more than 90 days prior thereto, such statement to be filed by the company within 30 days after the quarterly period as hereinbefore provided.

Official O.K. for Marine Definition

(CONTINUED FROM PAGE 5)

is presented the agreement as to what risks such policies may cover:

1. Marine and/or transportation policies may cover under the following conditions:

A. Imports.

1. Imports on consignment may be covered wherever the property may be and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation.

A shipment "on consignment" shall mean property consigned and intrusted to a factor or agent to be held in his care, or under his control for sale for account of another or for exhibit or trial or approval or auction, and if not disposed of, to be returned.

2. Imports not on consignment in such places of storage as are usually employed by importers, provided the coverage of the issuing companies includes hazards of transportation.

Such policies may also include the same coverage in respect to property purchased on C. I. F. terms or "spot" purchases for inclusion with or in substitution for bona fide importations.

An import, as a proper subject of marine or transportation insurance, shall be deemed to maintain its character as such so long as the property remains segregated in the original form or package in such a way that it can be identified and has not become incorporated and mixed with the general mass of property in the United States, and shall be deemed to have been completed when such property has been:

(a) Sold and delivered by the importer, factor or consignee; or

(b) Removed from place of storage as described in paragraph "2" above and placed on sale as part of importer's stock in trade at a point of sale-distribution; or

(c) Delivered for manufacture, processing or change in form to premises of the importer or of another used for any of such purposes.

B. Exports:

1. Exports may be covered wherever the property may be without restriction as to time, provided the coverage of the

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Reserve for Losses, etc.	545,856.36
Contingency Reserve	1,650,000.00
CASH CAPITAL	1,000,000.00
NET SURPLUS	1,104,342.43

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"Argus Charts show more companies"

issuing companies includes hazards of transportation.

An export, as a proper subject of marine or transportation insurance, shall be deemed to acquire its character as such when designated or while being prepared for export and retain that character unless diverted for domestic trade, and when so diverted, the provisions of this ruling respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long established methods of insuring certain commodities, e. g., cotton.

C. Domestic shipments:

1. Domestic shipments on consignment, provided the coverage of the issuing companies includes hazards of transportation.

(a) Property shipped on consignment for sale or distribution, while in transit and not exceeding 30 days after arrival at consignee's premises or other place of storage or deposit; and

(b) Property shipped on consignment for exhibit, or trial, or approval, or auction, while in transit, while in the custody of others and while being returned.

2. Domestic shipments not on consignment, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending within the United States, provided that such shipments shall not be covered at points of sale-distribution or manufacturing premises nor after arrival at such points or at premises owned, leased or controlled by assured or purchaser, nor for more than 30 days at other place of storage or deposit, except in premises of transportation companies or freight forwarders, when such storage is incident to transportation.

Bridge and Tunnels

D. Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion are the only hazards to be covered. Piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion. Other aids to navigation and transportation, including dry docks and marine railways, against all risks.

E. Personal property floater risks:

1. Covering individuals.

(a) Tourist and/or personal effects floater policies, which policies shall exclude hazards while in a permanent residence of the assured.

(b) Personal fur floaters.

(c) Personal jewelry floaters.

2. Covering individuals and/or generally.

(a) Fine arts floaters. To cover objects of art such as pictures, statuary, bronzes and antiques, rare manuscripts and books, articles of virtu, etc., but excluding stained glass windows and carved glass used for commercial purposes.

(b) Musical instrument floaters, excluding household instruments not customarily moved from the assured's premises.

(c) Radium floaters.

(d) Physicians' and surgeons' instrument floaters. Such policies shall not cover instruments and professional equipment not commonly carried with the assured, nor furniture and/or fixtures.

(e) Pattern floaters, excluding coverage on the assured's premises.

Theatrical Floaters

(f) Theatrical floaters, excluding buildings and their improvements and betterments and furniture and fixtures that do not travel about with theatrical troupes.

(g) Film floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.

(h) Salesmen's samples floaters, excluding coverage on the assured's premises.

(i) Wedding present floaters for not exceeding 90 days after the date of the wedding.

(j) Jewelers' block policies, excluding improvements and betterments of buildings, furniture, fixtures, tools and machinery of the assured.

(k) Exhibition policies on property while on exhibition and in transit to and/or from such exhibitions.

(l) Horse and wagon policies covering wherever horses or other animals, wagons and equipment may be.

(m) Installation risks covering loss to seller on account of physical damage to the property. Such policies shall cover articles of machinery or equipment only

during the period of installation and testing.

(n) Movable equipment floaters, e. g., contractors' equipment, mechanical sales devices, storage batteries, stevedores', divers' and undertakers' equipment and other property of a mobile or floating nature, not on sale or consignment, or in the course of manufacture, which has come into the custody and/or control of parties who intend to use such property for the purpose for which it was manufactured or created.

Such policies shall not include coverage of storage risks at premises controlled or leased by the assured, except where purely incidental to the regular or frequent use of the equipment or property.

(o) Miscellaneous movable articles floaters, e. g., outboard motors, parachutes and balloons, scientific and surveyors' instruments, harvesters; articles for sport and recreation, musical scores and orchestrations and other similar property of a mobile or floating nature, not on sale or consignment, or in the course of manufacture, which has come into the custody and/or control of parties who intend to use such property for the purpose for which it was manufactured or created, such policies to contain an itemized list of articles insured, with description and amount or value of each.

(p) Property in transit to and/or from and while waiting for or undergoing processing in bleacheries or fumigatories or on premises of dyestuffs, throwsters and other similar processors until delivered to storage warehouses or final place of delivery contemplated at the time the shipment was made.

Provided, however, that such policies shall not cover bailee's property at his premises.

(q) Installment sales and leased property. Policies covering property sold under conditional contract of sale, partial payment contract, installment sales contract, or leased. Such policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest.

Provided, however, that property not mobile in character, under lease or leased on a royalty basis, may not be so insured although title remains in the lessor.

(r) Bailee's customers policies covering personal property of customers. Such policies shall cover in transit and during process at e. g., laundrymen's, dyers' and cleaners' premises, provided, however, that such policies shall not cover bailee's property at his premises.

(s) Furriers and/or fur storer's customer's policies (i. e., policies under which certificates and/or receipts are issued by furriers and/or fur storers) covering specified garments the property of customers, but only while in the custody of the furrier and/or fur storer.

(t) Silverware floaters, excluding the permanent residence of the assured.

Commissioner Brown stated after the meeting that he does not propose to appoint the appeal board for a while. He desires to study the situation and see what states are most interested.

Will Investigate Department

HARRISBURG, June 7.—Representative A. J. White Hutton, of Chambersburg, Pa. has been selected chairman of the legislative committee named to investigate the affairs and records of the insurance department relating to casualty and fire companies. Mr. Hutton is a professor at the Dickinson Law School, Carlisle. The committee expects to meet again late in June or early July for the purpose of formulating its plans for procedure. The members are studying the numerous documents which have been submitted from people throughout Pennsylvania.

Reset Reece Trial

The trial of Joseph I. Reece, former Tennessee insurance commissioner, charged with a theft of \$100,000 in state bonds, has been reset for June 20. Mr. Reece has been confined to his home in Bristol, Tenn., with an acute illness.

M. L. Holmes and R. R. Van Tuijl are opening a local agency in Des Moines, to be known as **Holmes & Van Tuijl**. Mr. Holmes has been general agent and Mr. Van Tuijl special agent there for the Reliance Life.

INSURANCE STOCK QUOTATIONS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago.
at close of business June 5

Stock	Par	Div. per Share	Bid	Asked
Aetna Cas.	10	1.60	45	47
Aetna Fire	10	1.60	33	35
Aetna Life	10	...	17	18
Amer. Alliance ..	10	1.00	14	16
American, N. J. .	2.50	.50	8 1/2	9 1/2
Amer. Surety	25	...	19	21
Automobile, Conn.	10	1.00	18	20
Boston	100	16.00	425	450
Carolina	10	.50	14	16
City of N. Y.	100	2.50	110	115
Continental As. .	10	2.00	25	28
Continental Cas. .	5	...	10	11
Continental Ins. .	2.50	1.20	25	26
Fidel-Phenix	2.50	1.20	25	26
Fireman's Fund. .	5	3.00	45	46
Fireman's F. Ind. .	10	...	13	16
Firemen's	5	...	5 1/2	6 1/2
Franklin Fire	5	1.00	15	16
Glens Falls	10	1.60	25	26
Globe & Rutgers .	25	...	45	55
Great Amer. Ind. .	1	...	4	6
Great American. .	5	1.00	15	17
Hanover	10	1.60	25	27
Harmonia	10	.50	12	13
Hartford Fire	10	2.00	42	44
Hartford St. B. .	10	1.60	45	47
Home, N. Y.	5	1.00	18	19
Home F. & M.	10	2.00	22 1/2	25
Ins. Co. of N. A. .	10	2.00	42	44
Maryland Cas. .	2	...	3 3/4	4 1/4
Mass. Bonding. .	25	...	12	14
National Cas.	10	...	5 1/2	6 1/2
National Fire	10	2.00	46	48
National Liberty. .	2	.10	4	5
National Union. .	20	...	40	42
New Amst. Cas. .	10	1.50	15	16
New Brunswick. .	10	.50	14	15
North River	2.50	.60	14	15
N. W. National. .	25	.50	70	75
Occidental	10	...	13 1/2	14 1/2
Pacific Mutual ..	10	2.00	20	21
Phoenix, Conn. .	10	2.00	52	54
Prov. Wash.	10	.50	23	25
Sprfld. F. & M. .	25	4.50	71	74
St. Paul F. & M. .	25	6.00	106	108
Sun Life	100	...	400	425
Travelers	100	16.00	390	410
U. S. Fire	4	1.20	26	28
U. S. Fid. & G. .	2	...	4 1/4	5 1/4
Westchester	2.50	1.00	18	20

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CHICAGO
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EMPLOYERS
REINSURANCE
CORPORATION

E. G. TRIMBLE, President

The National Underwriter

THIRTY-SEVENTH YEAR
NUMBER 23

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Office of Publication, 175 West Jackson Boulevard, Chicago, Illinois

HEALTH & ACCIDENT
CONFERENCE NUMBER

New Membership Program Is Approved

Applicants to Get Thorough Sifting

Health & Accident Underwriters
Conference Approves Report
of Committee

SESSIONS CONSTRUCTIVE

Unusually Practical Program for An-
nual Meeting Brings Out Much
Interest, Large Attendance

A new plan for admitting additional companies to membership in the Health & Accident Underwriters Conference, which it is believed will result in the maintenance of high standards of membership and the selection of only reputable and well-managed companies, was approved by the conference at its annual meeting in Chicago this week, with the adoption of the report of a special committee headed by W. T. Grant, president Business Men's Assurance, which has been studying the question for nearly two years.

The original suggestion was to set forth more definite limitations and obligations than are now imposed, such as a minimum amount of premium volume, minimum length of time of existence as an accident and health company, and certain restrictions as to type of carrier or business written. This would have involved amending the constitution, and

the committee decided against that procedure. It was felt that if such changes should be made it is entirely possible that in a short time another amendment would be necessary, to meet changing conditions and new trends in the accident and health field.

Rules Adopted Which Give More Flexibility

A set of rules was therefore adopted, which are more flexible and may be changed without the detail necessary in amending the constitution. They place increased responsibility on the membership committee and permit all active members of the conference to approve the application of any company.

New Officers Elected

PRESIDENT

C. W. Ray, Hoosier Casualty

FIRST VICE-PRESIDENT

O. B. Hartley, Great Western

SECOND VICE-PRESIDENT

Loring Elliott, Physicians' Casualty

SECRETARY

Frank P. Proper, Employers' Reinsurance

CHAIRMAN EXECUTIVE COMMITTEE

George F. Manzelmann, North American Accident

MEMBERS EXECUTIVE COMMITTEE

Three years—George R. Kendall, Washington National; Sam C. Carroll, Mutual Benefit Health & Accident; C. W. McNeill, Massachusetts Accident; two years unexpired term—James E. Powell, Provident Life & Accident

Under the plan adopted all applications for conference membership are to be sent to the executive secretary, who will submit the application to each member of the membership committee, with the name of the officers, the last financial statement, a general outline of the type of business written and copies of policy contracts and premium rates. If approved by the membership committee, the executive secretary will notify all conference members of that fact.

Unless some member of the conference protests within 30 days, the applicant will then be recommended to members of the executive committee for admission, and if approved by two-thirds

(CONTINUED ON PAGE 34)

Name C. W. Ray Conference Head

New President Is One of Veterans
of Organization, in Insurance
for 35 Years

MANZELMANN MOVES UP

Vice-President and Agency Director of
North American Accident Heads
Executive Committee

C. W. Ray, president Hoosier Casualty, who was elected president of the Health & Accident Underwriters Conference at the closing session Wednesday afternoon, is one of the veterans of the organization, having attended the second meeting of the old Detroit conference and practically every other session since that time. He has been in insurance work for nearly 35 years. He was a claim adjuster for the Columbian Insurance Company for about seven years, and was one of the organizers of the Hoosier Casualty in 1907, serving as secretary until 1927, when he was elected president, following the death of the late C. H. Brackett, with whom he had been associated since the company was founded. Mr. Ray has served as chairman of the executive committee of the conference for the past year.

George F. Manzelmann, vice-president
(CONTINUED ON PAGE 34)



C. W. RAY
Hoosier Casualty
New President of Conference



C. W. McNEILL
Massachusetts Accident
Retiring President



GEORGE F. MANZELMANN
North American Accident
Chairman of Executive Committee



HAROLD R. GORDON
Chicago
Executive Secretary-Treasurer

Powell Suggests Ways to Cut Cost

Reduction of Underwriting Expense Essential Under Present Day Conditions

MANY ITEMS ARE LOWER

Lists Other Lines Where Economies May Be Effected—Agents' Commissions, Branch Offices, Major Field

An illuminating comparison of the trends in various items of expense for the past three years was made by John M. Powell, president Loyal Protective, in introducing the round table discussion on "The Reduction of Underwriting Expense." Mr. Powell naturally gave considerable attention to the question of agents' commissions, the biggest item in underwriting expense, and in that connection presented some valuable statistics on the effect of increased lapse ratios and the value of new business to a company. His general suggestions for expense reductions were:

1. Make sure to discriminate between the efficient agent and the poor one. Stand by the former and eliminate the latter.
2. Bring salaries into line with current conditions.
3. Good quarters should be substituted for luxurious ones.
4. Make sure that any renewal commission system cannot cause future embarrassment.
5. Withdraw from unprofitable territory.
6. Employ careful executive approval or supervision of miscellaneous expenses. "Personally in such rapidly changing times I prefer this method to any budgetary control," Mr. Powell said.

Investment Income, Loss Ratio Not Under Control

At the outset Mr. Powell referred to the fact that formerly, with investments furnishing a substantial source of income, it was not always necessary to keep claims and expenses within income to experience favorable results, but under existing conditions it is absolutely essential to give more attention to underwriting expenses, which are under the company's control to a greater degree than either investment income or loss ratios. To furnish a concrete basis for study of the problem, he presented a table showing the combined experience of ten companies, largely but not entirely quarterly premium companies. He pointed out that the loss ratios of this group are lower than for the companies as a whole, which as shown by THE NATIONAL UNDERWRITER were: 1930, 55.4; 1931, 63.5; 1932, 66.3. The margin of expenses with the average company was therefore much smaller than shown in this table, the principal items of which are presented herewith in Table I.

No Tax Relief Except by Quitting Unprofitable States

Referring to the item of state taxes, he said there is no way of modifying this expenditure except by withdrawal from unprofitable states, urging, however, that companies use every effort to prevent the insurance business from being further discriminated against in that respect. The ratios after elimination of the tax item, shown at the bottom of Table I, indicate that the companies in this group have made substantial progress in reduction of expenses, which have been reduced more

Group Expert



PAUL W. WATT
Washington National

rapidly than the premium volume, although not sufficiently to offset the increased claim ratio.

In the matter of home office salaries, he stated that efficient help must be maintained, "but on the other hand the scale that was proper in 1928 and 1929 cannot be justified under present conditions, even though we may be working harder. Here is one place where reasonable economy will not interfere with efficiency. In fact, if properly handled, it may easily result in greater efficiency."

Unduly Luxurious Quarters Make Unfavorable Impression

Rent was listed as another item where reasonable economies will not impair efficiency. "If a policyholder visits the home office for the purpose of paying a premium or collecting a claim, particularly if there is a difference of opinion as to the correct amount of the claim, the policyholder is not going to have any better mental attitude, with the thought that a substantial part of his premium is going for the maintenance of unduly luxurious quarters," he said.

He suggested that the increase in the amount expended for medical fees and inspections no doubt represents the greater care which companies have found desirable to use in the selection of risks. "This is sound business procedure," he said, "and any reduction should be carefully weighed."

Agents' Commissions Offer Great Field for Economy

Agents' commissions and branch office expenses, Mr. Powell said, not only represent the biggest portion of underwriting expense but also offer the greatest opportunity for economy under existing conditions. Reference to Table I will show that these companies have

(CONTINUED ON PAGE 35)

Problems of Reinsurance and Remedies Reviewed

The serious situation which now confronts specializing accident and health companies in the matter of obtaining reinsurance was reviewed by Frank P. Proper, assistant secretary Employers Reinsurance, who also advanced some suggestions for changes in company practice which might improve the situation in that respect.

He referred to the fact that in the earlier days of the business reinsurance was usually on an exchange basis, which is practicable only in cases where companies issue contracts of approximately the same limits, terms and rates. This method generally involves too great detail and expense for the low margin of profit ordinarily found in this line. He said, however, that it may be necessary for the companies again to resort to some such procedure or, as an alternative, restrict their issuances to policies with limits no greater than their own individual retentions. Such restrictions would make it impossible to meet the demands of applicants and agents who have been schooled to larger benefits and indemnities.

Tremendous Losses for Reinsurers in 1931-32

Reinsurance companies made fair profits on accident and health in some years, he said, with losses in other years, but the experience did not become alarming until 1931-32. In those two years six of the major reinsurance companies in the United States showed premiums \$6,183,793, losses \$6,465,920. Assuming that the premiums shown would net approximately 60 percent, he said that the companies referred to sustained losses totaling more than \$2,700,000, exclusive of all expense, for the two-year period. In view of this experience, it is no wonder, he added, that it is now extremely difficult for a company writing only accident or accident and health business to arrange an entirely desirable reinsurance agreement.

Losses Heavier on Reinsured Business

Nearly all companies which formerly handled accident and health reinsurance as somewhat of a sideline have now retired from that field. As long as reinsurance developed a profit, it assisted in handling their own direct business and allowed them, to a small extent of course, to reduce rates or make their policy provisions more attractive. When the reinsurance end became unprofitable, however, it meant that they were subtracting some of the profit from their own direct writing to meet the losses they were sustaining on reinsurance taken from other companies with which they were, in some measure, competing in the field.

It has been found that the reinsurers' experience on the accident and health business of a direct writing company has

been considerably worse than that of the reinsured, due to the methods ordinarily followed. The customary practice has been for the reinsured to retain up to certain limits on its business written, not reinsuring any portion of it unless the principal sum and/or weekly or monthly indemnity exceeded the retention limits set. Consequently, the reinsurer participated on a much smaller number of risks than did the reinsured, and those written for larger amounts. It had a much smaller spread, while the moral hazard was greater, since experience on accident and health insurance over a period of years has proved that the larger the indemnity, the greater the moral hazard.

"If, as a result of economic conditions for the last three years, your experience has proved unsatisfactory, just consider the plight of the reinsurers upon the accident and health lines and be thankful that you are in the direct writing business," he said.

Feels That Business Can Be Made Profitable

"It would be foolish," Mr. Proper said, "to assume that this line of business could not be made profitable. It is highly essential to the well being of all those who are dependent on their own efforts for a livelihood for themselves and their families. Indeed, income insurance is perhaps the most important of all kinds of protection, with the possible exception of life insurance."

His first suggestion for an improvement in experience on this line was the reduction of acquisition cost, which he said is higher on commercial accident business than any other casualty line, with possibly two exceptions, even though renewals are considerably above the average of other classes for continuity. Generally speaking, it approximates 35 percent on commercial business. The total expense ratio is in very few cases under 50 percent and in many cases exceeds that figure. Consequently loss ratios cannot exceed 50 percent without the companies sustaining underwriting losses, which has been the result on a rather wide scale for the past few years.

Difference Might Remove Underwriting Losses

"Undoubtedly," Mr. Proper said, "it is detrimental to business for a prospective policyholder to learn that at least half, and probably more than half, of his premium dollar represents the cost of handling." He pointed out that on automobile insurance, which is similar in many respects as to method of handling, the maximum acquisition cost is 25 percent. Underwriting losses of many companies could be materially improved and in some cases eliminated, he added, by this difference of 10 percent.

A reduction in acquisition cost, he continued, might enable companies requiring reinsurance to secure treaties on a more satisfactory basis. If the present procedure is to be continued it will be necessary in many instances for the reinsured companies to pay over a greater percentage of the premiums charged on the portions of risks reinsured than they receive net.

May Have to Pay More for Reinsurance

Most reinsurance is now on the basis of approximately 60 percent net of the gross premium applying to such reinsurance. Unless reinsurers' experience rapidly improves, he said, it may be necessary to pay 70 or 75 percent for reinsurance, thus penalizing to some extent the retention of the reinsured. This will operate in effect to reduce the margin of profit on the business which the

(CONTINUED ON PAGE 30)

TABLE I—COMPARISON OF DISBURSEMENTS WITH NET PREMIUMS WRITTEN—TEN COMPANIES COMBINED

	1932		1931		1930	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net premiums written...	\$22,371,354		\$25,849,144		\$27,273,672	
Disbursements						
Losses paid.....	\$12,863,853	57.50	\$13,624,656	52.71	\$13,421,280	49.21
Claim expenses.....	412,626	1.84	365,013	1.41	326,700	1.20
Policy, fees, comms. and agents' balances.....	5,801,112	25.93	6,691,191	25.88	7,006,137	25.68
Home office salaries.....	1,575,533	7.04	1,772,780	6.86	1,828,129	6.70
Branch office sal. and exp.	1,106,913	4.95	1,572,438	6.08	2,128,908	7.81
Med. fees and inspections	104,404	.47	99,662	.39	78,834	.29
Rent.....	220,222	.98	235,588	.92	243,429	.89
State taxes on premiums	504,053	2.25	518,589	2.01	534,914	1.96
Other state taxes and fees	69,417	.31	73,446	.28	76,460	.28
Federal and other taxes	80,676	.36	124,398	.48	94,679	.34
Printing and stationery..	235,197	1.05	283,220	1.10	293,633	1.08
Totals.....	\$23,408,931	104.64	\$25,865,419	100.06	\$26,574,189	97.45
Totals less losses and claim exp.....	10,132,451	45.30	11,875,749	45.94	12,826,208	47.04
Balance less taxes..	9,478,304	42.38	11,159,315	43.17	12,120,154	44.46

Public Confidence Is Greatest Asset

President Brown of Commissioners' Convention Addresses H. & A. Conference in Chicago

MUST HEW TO THE LINE

Ability and Integrity of Company Management of Prime Importance in Years to Come

Public confidence is the great reserve behind insurance, without which the financial reserves of a company however great are sure to diminish gradually and ultimately to vanish, President Garfield W. Brown of the National Convention of Insurance Commissioners, Minnesota commissioner, stated in his address at the Chicago convention of the Health & Accident Underwriters Conference this week.

While it is abstract in conception and has intangible values, public confidence is a definite, distinct force exerting strong tangible influence whose effects are real and concrete.

No Time for Complacency

It was this factor of public confidence that made it possible for insurance to weather the storm of the past four years with greater honor to itself than any other financial institution, Mr. Brown said. The insurance business through long years of fair dealing with and conscientious service to the people, in the main has been so conducted as to merit confidence and good will. Because of this fact he finds it of the greatest importance that no stone be left unturned in the effort to preserve and increase public confidence. Insurance cannot afford to rest on its oars; a successful past is no guarantee of a triumphant future.

Among the traditions of insurance is that a company executive should be of highest character, integrity and ability. He should be above suspicion. No company can build up public confidence without this type of executive. With few exceptions, Mr. Brown finds insurance failures were caused by lack of fundamental qualities of high character and unwavering integrity in the personal makeup of executives. When the crucial test came public confidence was lacking.

Self-Supervision Essential

The right kind of executives are not satisfied merely to operate within the law and regulations of insurance commissioners. They know that laws and regulation cannot provide for every possible contingency. They fix stricter bounds. He said the reason why insurance today enjoys public confidence to such an unusual degree is that a great majority of companies are self-supervised. In fact, he said, public confidence in assets of a company is in direct proportion to the degree in which it is self-supervised.

No Miracles Are Possible

Mr. Brown said an insurance commissioner is expected to be a miracle worker. He is given something of executive, legislative and judicial powers. The tasks loaded on his shoulders are gigantic. The wonder is not that insurance commissioners have fallen short of being prodigies, but that they have done as well as they have.

Mr. Brown said health and accident insurance is a glorified philanthropy, doing more to alleviate suffering, reduce

(CONTINUED ON PAGE 36)

Tells Advantages, Dangers of Medical Reimbursement Form

The advantages of the medical reimbursement form from the standpoint of the agent and some of the dangers which it presents from the underwriting standpoint were reviewed by Cary Groton, junior vice-president Pacific Mutual Life, in introducing the round table discussion on "Reimbursement for Loss Other Than Time."

Mr. Groton said that the general idea is not a new one by any means in accident and health insurance. Extra lump sum payments have been provided for certain injuries and certain operations, predicated on average expenses of treatment; extra weekly indemnity has been provided for hospital confinement. The payment of doctor bills up to a certain amount for non-disabling injuries has been provided.

"It was not a long step, therefore," he continued, "to the present all-medical expense reimbursement policies which have been issued very extensively the past year but which have been on the market in a more or less limited way for four or five years.

Featured as New Benefit, Helps Stimulate Production

"While not entirely new this provision has been featured as a new benefit—a departure from the old order of things—and whatever stimulus to production may have resulted from the all-medical expense reimbursement policies has probably been due to the fact that they were featured as a departure, as something new and modern. Anything legitimate which affords a reason or excuse for new contact with policyholders or for new prospecting will help to stimulate production. Naturally the agent with an established clientele is in an advantageous position.

"Agents have found that clients with whom they have formerly placed life or other forms of accident and health or casualty insurance can be interested in the medical expense reimbursement benefit. Many agents whose production of life and other forms of insurance has been below normal, due to business conditions or for other reasons, have profited through specializing for the time being on these reimbursement policies. A comparatively new prospect field has been opened up by reason of the appeal which these policies have to women prospects, particularly unemployed women, to whom practically all forms of

accident insurance have been denied in the past.

"Selection against the company is greater in connection with any form of insurance where the coverage is restricted to one or a very few benefits which, in order to make a sale, the agent emphasizes to the limit of his powers. In the case of the medical expense reimbursement policy agents have been known to argue, 'You can have the best doctors, have the best hospital accommodations and spare no expense to effect recovery.' Of course, if every claimant should take such advice literally the reimbursement feature would not prove very attractive from the company's standpoint. The saving feature in connection with the reimbursement policies is the comparatively small maximum limit of liability. The reimbursement benefit is sold in units of from \$500 to \$3,000. Granted that there are opportunities for an individual to take advantage of the company the maximum amount recoverable will be small by comparison with the ordinary forms of accident and sickness insurance. There is always the cancellation clause which affords some protection.

No Check Where Insured Gets Free Medical Care

"When sold without weekly indemnity or without either principal sum or weekly indemnity, many of the ordinary underwriting rules and regulations can be relaxed to some extent. That is, risks can be accepted for a straight accident expense reimbursement proposition which would not be regarded favorably where there was principal sum or even accident weekly indemnity involved. In a general way, however, it holds that the medical expense reimbursement feature should not be granted to individuals who, by reason of mental or physical or moral impairment, would not be acceptable for principal sum or weekly indemnity.

"A very important underwriting feature for which to the present no method of control has been perfected is the free medical attention angle. There are many classes of individuals who for one reason or another receive free or limited free medical or surgical attention. Generally speaking the companies instruct against the issuance of policies to such individuals but it is impossible as yet

(CONTINUED ON PAGE 36)

Special Rates for Bad States Urged

James E. Powell Discovers Methods of Improving Present High Loss Ratio

SOUTH WORST SECTION

Results of Territorial Study of Claim Frequency Reviewed—Causes for Increase in Size of Claims

The importance of a study of claim frequency by states or territories as a step in improving the present high loss ratio situation was emphasized by James E. Powell, agency manager Provident Life & Accident, in introducing the round table discussion on that topic. He cited figures from the Argus Casualty Chart, published by THE NATIONAL UNDERWRITER, which showed that the average loss ratio for all stock companies writing accident and health business increased 12.8 percent from 1929 to 1932, an average of approximately 4.2 percent per year.

"When it is considered just how few companies make an average underwriting profit of 4.2 percent a year, even in prosperous years, we see how alarming this increase has become," he said.

Southern States Show Higher Claim Frequency

He cited the survey of claim frequency by states made recently by the Retail Credit Company, which compared the number of claim reports requested to number of original underwriting reports ordered. The results thus obtained, he said, compared closely with the actual underwriting experience of the companies doing business in the various sections of the country. As was to be expected, the south showed a much higher claim frequency than other parts of the country. Every one of the 13 states in that section had a frequency higher than the national average, one being 110 percent higher, while the average of all southern states was approximately 45 percent above that of the nation.

Other individual states showed a frequency considerably above the average, Arizona being cited as an example, but Mr. Powell states that the situation in those states seems to have been caused by local conditions, and no other territory as a whole showed the bad results of the 13 states which make up the southern territory.

Unfavorable Legislation, Attitude of Courts

In connection with the question of loss ratios by states, reference was made to unfavorable legislation, such as the physicians' lien law recently enacted by one state, which he said is bound to be the cause of increased payments in that state, and the attitude adopted by the courts of certain states.

He suggested that probably the logical remedy for increased claim frequency in any given territory is the formulating of special rates for that territory. One conference company, to meet this situation, drew a straight line across the map, which traversed the southern boundaries of Utah, Colorado and Kansas and extended clear to the Atlantic coast, applying a rate increase of 25 percent to all new business written in territories south of that line. Another has increased rates approximately 12½ percent in certain states which it classifies as special territory. Others have announced lower writing limits in those states

(CONTINUED ON PAGE 36)

Lead Round Table Sessions



JAMES E. POWELL
Provident Life & Accident



JOHN M. POWELL
Loyal Protective

EMPIRE LIFE & ACCIDENT INSURANCE CO.

Home Office: Empire Life Building
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*A Legal Reserve, Capital Stock
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Writing all forms, Ordinary Life
Commercial Health and Accident
Industrial Health and Accident
and Industrial Life Insurance

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ALWAYS SAY:

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Incorporated 1900

The Ministers Casualty Union
Minneapolis

MELL W. HOBART, Secy.

W. G. CALDERWOOD, Treas.

Vital Problems of Business Reviewed

Addresses and Round Tables
Wednesday All on Topics of
Major Importance

REINSURANCE DISCUSSED

Group Coverage, Reduction of Expense
and Methods of Improving High
Loss Ratios Considered

Wednesday's sessions were the really meaty ones of the whole meeting, so far as the presentation of vital underwriting problems was concerned, with formal addresses on "Accident and Health Reinsurance" by Frank P. Proper, assistant secretary Employers Reinsurance, and "Group Accident and Health Insurance" by Paul W. Watt, manager group division Washington National, and round table discussions on "The Reduction of Underwriting Expense," "Reimbursement for Loss Other Than Time" and "Our Increasing Loss Ratios," all vital issues to accident and health insurance today.

Mr. Proper reviewed the heavy losses sustained by reinsurance companies on accident and health business, as a result of which it is very difficult for a specializing accident and health company to obtain a satisfactory reinsurance treaty at the present time. He said that reinsurance is bound to cost more. He outlined some ways in which the direct writing companies might prepare themselves better to meet this situation, emphasizing the need for reduction in acquisition costs.

Mr. Watt told of some of the problems involved in writing group accident and health insurance and the advantages which it offers.

Methods for Reducing Underwriting Expense

The round table discussion on "Reduction of Underwriting Expense" was introduced by John M. Powell, president Loyal Protective. He presented an interesting table comparing the various expense items of a selected group of companies for the past three years, showing that a decided improvement had been made on some of these items and offering recommendations as to other ways in which economies could be effected. He referred especially in that connection to agents' commissions and branch office expense.

The discussion on "Reimbursement for Loss Other Than Time," was introduced in a paper presented by Cary Groton, junior vice-president Pacific Mutual Life, who devoted his attention to the medical reimbursement form which has been pushed vigorously by a number of companies in the last year or two. He recited its advantages from the sales standpoint and also some of the dangers which have to be guarded against from the underwriting angle. His observations were read to the conference, as he was not able to be present.

At the afternoon session, James E. Powell, agency manager Provident Life & Accident, introduced the round table discussion on "Our Increasing Loss Ratios." He offered some suggestions for improving the present unsatisfactory situation in that respect, laying especial stress on the necessity for a study of claim frequency by states or territories and the desirability of formulating special rates for territories where the claim frequency has shown an abnormal increase.

Reimbursement Other Than Time Is Debated

The liveliest discussion of the round table session developed in connection with the question of reimbursement for loss other than time. E. C. Budlong, Federal Life, was put in the unusual position in that discussion of reading the paper presented by Cary Groton, Pacific Mutual Life, who was unable to be present, and also leading the opposition to the views expressed by Mr. Groton, who reviewed the advantages of the medical reimbursement clause.

Mr. Budlong classed it as a "noble experiment" by emphasizing the selection against the companies, which was mentioned by Mr. Groton. In taking up the reference to the appeal which this form offers to unemployed women, Mr. Budlong referred to his company's experience on the separate hospital policy, which was issued some years ago, stating that the loss ratio on unemployed women under that form was 90 percent. He said that probably three-fourths of the conference companies were not in position to issue the reimbursement clause in its present form and suggested as a method of meeting competition the liberalization of the present clause for hospital and surgical benefits, as possibly the sale of additional units, written with a waiting period and at a higher cost.

P. H. Rogers Says Results Are Fairly Satisfactory

P. H. Rogers, Massachusetts Bonding, said that he had started writing the form with fear and hesitation, but that the experience had been fairly satisfactory so far. He expressed the belief that the danger of the insured's incurring unduly heavy expenses had been overemphasized, as when a man goes to a hospital he doesn't know how long he will have to stay and will not begin by piling up heavy expenses. He said that the situation where an insured had policies in several companies created a serious problem and that his company is now asking specifically whether the applicant has any other similar coverage. He considers the fact that most of the companies writing this form use identical wording and rates as very important.

Fears Doctors Will Be Educated to Benefits

C. O. Pauley, Great Northern Life, said the danger is not in the policyholder but in the doctor. Rates have already been raised and will have to be raised again, he said, when the doctors become accustomed to the possibilities. He said his company is experimenting with a hospital rider, providing definite limits of expense.

C. W. Ray, Hoosier Casualty, also favored such limitations and suggested that there should be a different grade for professional and working men.

J. M. Powell, Loyal Protective inquired whether a coinsurance basis would be feasible, covering only 75 or 80 percent of the expense. C. N. Dubach, Hartford Accident, Chicago, asked whether some plan could not be worked out for pro rating. Mr. Pauley replied that the use of standard provision 17 would protect the companies in that respect.

D. G. Trone Suggests How to Reduce Expenses

The only discussion on reduction of underwriting expense, introduced by John M. Powell, Loyal Protective, was by D. G. Trone, Indiana Travelers, who emphasized the point that the companies need to know just how much business is costing them and consider something besides volume. He expressed the belief that the plan of paying five initial commissions and small renewals brought less favorable results than a lower initial commission and a higher renewal.

Group Plan Meets Depression Tests

**Decrease Almost Infinitesimal,
Paul W. Watt of Washington
National Asserts**

FIELD IS NOW WIDENED

**Especial Reference Made to Teachers'
Groups—Served as Supplement
to Compensation Cover**

Group insurance has successfully met the test of the depression and is now so securely entrenched that it can successfully take any further blows that may come its way, Paul W. Watt, manager group division Washington National, declared in his address on "Group Health & Accident Insurance."

The skeptics thought that unemployment, shorter working hours, decreased wages, business failures and bankrupt municipalities would knock all of the group lines into the abyss of oblivion, he said. "True, they did take their toll, but that toll was rather infinitesimal, if figures do not lie. There is now evidence that the trend is again upward."

From the point of view of the company, he said, it passed the experimental stage some time ago. Actuarially and financially it has proved itself sound. He referred to the extension of the underlying principle to groups where it was formerly considered that a contract could not be issued feasibly, citing especially the tremendous strides which the

special group accident and health policy for teachers has made in recent years.

He said that group insurance, whether it be health and accident or life, is a specialized field, requiring a special department for its administration and a personnel especially trained for that work, both for acquisition of new business and the servicing of business after it is on the books. He held that the trained organizations developed by the companies writing the bulk of the group lines are largely responsible for persistency of group business in the depression years. They have been able, he said, not only to work out plans to meet changed needs in a changed world financial structure, but also to write a sufficient amount of new business so that the decrease in the amount in force has been extremely moderate.

New Methods Developed to Meet Post-War Slump

Mr. Watt traced the development of the group insurance idea to its peak at the time of the world war, when man power was scarce, wages were high and labor difficult to hold. A strong argument for group insurance was that it would be an inducement for employees to remain with an employer who was offering such protection, rather than go to another who was paying the same salary, thus cutting down labor turnover. After the war, with this argument rendered ineffective, new sales plans had to be brought into play, with the result that it showed a phenomenal advance until the depression struck.

The principal reason why group life advanced at a much more rapid pace than group health and accident, in Mr. Watt's opinion, was that it simply was not pushed by the field force. In the last decade, he said, this slackness has been materially corrected, with the result that the premium income of companies writing this form of coverage has been enhanced many-fold.

With millions of dollars in wages and

salaries lost annually by workers, due to sickness and accident, he declared there is no sound argument against the plan, which provides a substantial amount of protection at minimum rates, with freedom from the usual restrictions. Compensation laws protect employees against occupational accidents, but leave wholly unprotected the sickness hazard, which causes about 85 percent of all disability.

"The basic group health and accident plan was designed," he said, "not to duplicate, but to dovetail with the various state compensation laws. Sickness of all kinds is covered, and, in addition, non-occupational accidents. It is obvious that a combination of the compensation plan and the group plan means complete protection against all sickness and accident hazards."

Employers and Agents Recognize Its Value

The employers quite generally recognize the value of the group idea. The feeling of security which comes from a knowledge that income will not be cut off if disability overtakes one produces not only greater efficiency but a better employee from every conceivable angle. The agent or broker, he said, is also taking a different attitude in regard to group health and accident insurance. Instead of feeling that it removes from his field prospects for individual policies and instead of contending that the commissions on group are too low to make it worth his while, he realizes its possibilities as a source of prospects for other business. He quoted a letter from a Chicago broker in regard to a group case in a suburb of that city, stating that a very substantial number of automobile policies had come to him entirely unsolicited. Household furniture, fire insurance and fur coat insurance has also been written as a result of these contacts, while the information given in connection with the group accident and health policies furnished the background for some very profitable life insurance.

Brown, Bradley and McNeill Speakers at First Session

Garfield W. Brown, Minnesota commissioner and president National Convention of Insurance Commissioners, the first speaker at the opening session, in his address emphasized the reserve of public confidence as being of as great importance to an insurance company as its financial reserves. He characterized it as the biggest factor in bringing insurance through the depression and said no step should be neglected in its maintenance for the future.

The first essential he listed in that connection is high character in company executives, which makes for self-supervision, requiring less supervision by the commissioners. He then took up the powers and tasks of the insurance commissioner and the problems which confront him.

"Rethinking" Keynote of Today, Bradley Says

He said that the Health & Accident Underwriters Conference has been especially successful in retaining public confidence, despite the especial difficulties of its field, and paid high tribute to accident and health insurance as an institution.

He took up the recent growth of government in business and said the insurance business must continue to hold the confidence of the public as it has in the past, in order to avoid being swallowed in the governmental maw.

Dr. Preston Bradley, pastor of the People's Church of Chicago, emphasized the necessity for knowledge of the tasks which each man has to face. He offered as the key word for the present age, "rethink," whether in religion, govern-

(CONTINUED ON PAGE 34)

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1886-1933**

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*Oldest and Largest Company in America Writing
Accident and Health Insurance Exclusively*

**District Managers and Representatives
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Established 1883

Indemnifiers for
fifty years

*Agency openings in several states.
Attractive, up-to-the-minute
policies. Liberal com-
missions. Real serv-
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holders and
agents.*

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Accident Life Health UNITED INSURANCE COMPANY

(Founded in 1919)

2721 South Michigan Avenue, Chicago

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INDUSTRIAL LIFE INSURANCE
MONTHLY PREMIUM ACCIDENT AND HEALTH INSURANCE
COMMERCIAL ACCIDENT AND HEALTH INSURANCE
GROUP ACCIDENT AND HEALTH INSURANCE
ORDINARY LIFE INSURANCE

Invites Correspondence from Producers

Scherr Reviews New Legislation

Committee Report Lists Medical
Lien Laws as Being Espe-
cially Obnoxious

SPECIAL DEPOSIT LAWS

Action Urged to Separate Accident and
Health From General Casualty
Carriers in Such Acts

A review of the legislation enacted this year affecting accident and health insurance was presented by J. W. Scherr, Inter-Ocean Casualty, chairman of the legislative and public relations committee. He referred especially to the bills introduced in a number of states which would permit physicians, dentists, hospitals and in one instance undertakers, to place a lien on disability claims for services rendered. Most of these bills provide for filing liens in the office of the county clerk or county recorder, which would make it necessary for companies to examine these records in every county in which claimants may reside. This would cause tremendous expense and inevitable delay, which would make such legislation highly objectionable to policyholders.

Willing to Work Out Plan Fair to All

"I think there is no doubt," the report said, "that the companies are anxious to cooperate with the physicians and hospitals in seeing that their bills for services rendered to policyholders are paid. It is an undisputed fact that because such insurance exists it is often-times possible for a physician or hospital to be reimbursed when otherwise these bills would probably never be paid. What the companies object to, and what we believe the policyholders would object to, is that these liens might be filed without notification to the companies and the responsibility of paying a claim without recognizing such liens would subject the companies to untold hardships. If some plan can be worked out by which the companies could be notified directly by the physician or hospital so as to enable the companies to make prompt settlement of each claim, and at the same time see that the physician and the hospital is reimbursed for services, I think the demand for this sort of legislation would be eliminated.

"We understand that the American Medical Association has drafted a model lien bill and the services of the conference have been offered to the legal department of that association in the hope that an agreement might be reached through which this type of legislation may receive the support of the companies."

Position on Qualification Laws Again Defined

In regard to agents' qualification laws, the report said:

"The conference is on record, through a resolution passed at its last annual meeting, as being heartily in accord with legislation tending to license, supervise and regulate health and accident agents; however, we are opposed to any qualifying requirements for such licenses based upon a mandatory written examination. There have been a number of agents' qualification bills introduced the past few months, and in some states they have been enacted into law. As an illustration: Maine has a law providing for a mandatory written examination to qualify health and accident agents, except those representing life

Listing New Laws



J. W. SCHERR
Inter-Ocean Casualty

insurance companies. We believe that any qualification law which is intended to set up a standard for health and accident agents should apply to all agents writing health and accident insurance, whether he represents a life insurance company or a casualty company. We also seriously object to the requirement that agents representing health and accident companies should be required to pass the same tests as are required by agents representing multiple line casualty companies. Most health and accident insurance is sold through agents licensed by the companies themselves and who are engaged in selling only health and accident insurance, and who therefore should not come under the same head as brokers and agents writing all casualty lines. A comparatively small volume of health and accident insurance is sold by brokers and casualty agents who are engaged in other casualty lines."

New State Requirements for Special Deposits

Another class of legislation given especial attention was that enacted by a number of states requiring special deposits from casualty companies, in some cases exempting health and accident companies, but in others without that exemption.

"Health and accident insurance in reality should not be classed as casualty insurance," Mr. Scherr said. "Our business is more comparable to life insurance in that it deals with personal protection rather than with property insurance. However, there can be no logical reason for health and accident insurance to be included in the general classification of casualty insurance or life insurance, but on the other hand, should have a separate classification. Efforts should be directed by the conference to work along lines to produce legislative measures separating the health and accident business from all other lines of insurance. No opportunity should be overlooked by the member companies to impress upon the insurance commissioners of the states the necessity for a separate classification for health and accident insurance in the interest of all concerned, so that they may use their influence in securing proper amendments to present laws, that will bring about this result. This will perhaps be difficult to accomplish, in view of the fact that many multiple line casualty companies and life insurance companies also write health and accident insurance. Yet it seems unfair to our companies to be required to qualify under these special deposit laws simply because

(CONTINUED ON PAGE 37)

Dr. Leland Opposed to State Health Cover, Mass Medicine

Strong opposition to both state health insurance and "mass medicine" was voiced by Dr. R. G. Leland, director bureau of medical economics, American Medical Association, in his address on "The Insurance Principle in Medicine." He regards workmen's compensation legislation as "an almost invariable forerunner of general sickness insurance," referring in that connection to the general tendency to make occupational diseases compensable. He quoted a report of the industrial commission of South Dakota, which says that the original idea of the workmen's compensation law, "by actions of legislatures, courts and commissions, is beginning to approach that of a general plan of health and accident insurance."

He summarized the objections of the medical profession to practices that have arisen under compensation insurance, which would also apply to compulsory health plans. They include the lack of "free choice of practitioner; professional confidence is not respected; there is a mass of lay interference; the tendency to reduce fees to a minimum is already apparent, and charges of undue influence on professional testimony by employers or insurance companies on the one side and by malingering employees on the other are already common."

In connection with the arguments for various health insurance plans, he said it is admitted that prolonged illness either with or without hospitalization is frequently a crushing financial burden to the low income group of the population. "Theoretically, the burden might be equally lifted from the individual if, in some way, the cost of medical care might be spread over the entire low

income group by small regular payments. Health insurance systems now in operation in this country and in Europe have provided abundant evidence of the difficulties and undesirable features which accompany the practical application of the insurance principle."

He listed three features considered essential by medical men in any system of medical practice: (1) Elimination of all intermediary bodies or third parties acting as salesmen for medical services or agents to bring the medical profession and the public together; (2) recognition of the right of the patient to choose his own physician, and (3) the separation of medical services from cash benefits.

He said that contract practice and quasi-insurance plans were a natural development of many pioneer projects in mining, railroad construction and lumbering, as the only practical method of providing medical services for isolated groups of workmen. He also stated that there are at present some communities or projects which must guarantee minimum income provisions if medical services are to be easily available. Under such conditions, he said, contracts for medical care may be necessary and these contracts can be made both legitimate and ethical. He insisted, however, that the increasing tendency to introduce contract practice into communities having adequate, competent, independent medical facilities, developed by commercial, mass production methods, have introduced features which are considered inimical to public welfare and opposed to good public policy.

He declared that the transfer of the functions of the medical profession to institutions whose organization and

methods are designed for industrial and commercial purposes have everywhere been disappointing. With the introduction of advertising and personal solicitation in connection with these plans, he said it was a short and easy step to under-bidding and misrepresentation to get contracts. He insisted that a personal relation between patient and practitioner, which is impossible under such a system, is essential to the best treatment.

In any system of administering medical services closely associated with insurance benefits, he insisted that all expenditures for medical care should go to those who give that care. "There is no excuse for the presence of the profit-taking promoter, organizer or entrepreneur between the physician, surgeon, nurse, hospital or other agent giving such care and the patient who receives it. Every attempt to introduce such a third party has proved wasteful and harmful."

Commissioners on Hand

Elias A. Smith, Jr., new Utah insurance commissioner, stayed over for the conference meeting. Prior to his appointment as commissioner he was Utah manager for the North American Accident and naturally has a keen interest in accident and health insurance. He was introduced to the convention at the first session.

W. S. Pope, casualty commissioner of Texas, was also introduced and extended greetings from his state. A letter was read from Commissioner C. F. Armstrong of Pennsylvania expressing his regret at being unable to be present.

Commissioner Garfield W. Brown of Minnesota was a speaker at the first session.

E. A. Mueller of Milwaukee, president of the National Association of Accident & Health Managers, was in attendance at the conference sessions.

More Uniformity on Major Issues Needed: McNeill

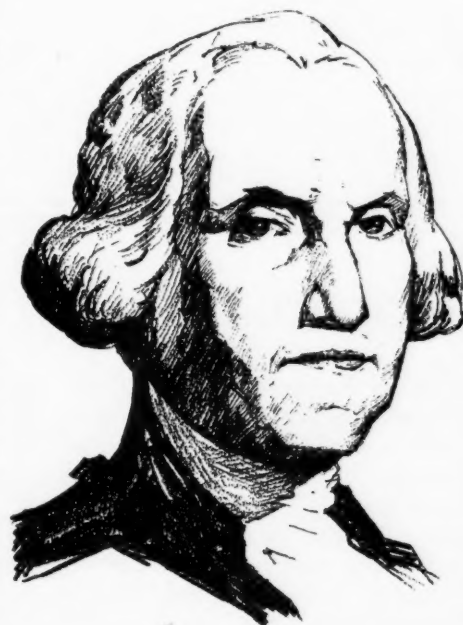
The importance of bringing about more uniformity in procedure in connection with certain major problems facing the business today, which can be accomplished only through such an organization as the conference, was stressed by Chester W. McNeill, Massachusetts Accident, in his presidential address. He spoke particularly of the method for valuation of securities. He referred to the fact that a life company writing accident and health business may amortize its bonds, while a specializing accident and health company or casualty company writing such a line is not allowed to value by such a rule in many states. He suggested that it would be helpful to ascertain whether or not the general opinion is that all companies writing accident and health should be given the privilege of amortization.

"If we do not care to go as far as that," he said, "the company members writing noncancellable contracts should set forth their reaction to such a method of valuation, particularly on the ground that their reserves are set up for future hazards, as is done in the life insurance field." He also spoke in that connection of the fact that some commissioners have insisted on actual market values, although most of them have followed the convention standards.

Uniform Basis for License Fees Suggested

He also suggested that the conference go on record as requesting a uniform basis for agents' license fees. He cited the fact that one New England state requires a \$10 fee from a prospective agent who desires to write accident and

(CONTINUED ON PAGE 37)



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State

Street

Applicants to Get Thorough Sifting

(CONTINUED FROM PAGE 27)

or more of that committee, shall be enrolled as a member of the conference.

If any applicant fails to receive the unanimous approval of the membership committee or is disapproved by one or more members of the conference, action is to be postponed until the next regular meeting of the executive committee. If approved by the executive committee under such circumstances, the application must be submitted at the next annual meeting of the conference and require a two-thirds vote of those present for final admission to membership.

Program Presented Specially Constructive

This year's meeting unquestionably presented one of the most constructive programs offered in many years, all of the topics considered being particularly pertinent to present day conditions and dealing with problems that have been especially vexing to accident and health company officials in recent months. This condition was reflected in the great interest manifested in all of the addresses and round table discussions, as well as in the unusually large attendance at the meeting.

One new member was admitted at this meeting, the Bankers Indemnity of Newark, but the membership total is below that of last year, due to several withdrawals and consolidations.

Name C. W. Ray As Conference Head

(CONTINUED FROM PAGE 27)

and agency director of the North American Accident, who becomes chairman of the executive committee and is therefore in line for the presidency next year, while still a young man, has had long experience in the accident and health field. He joined the North American 22 years ago as a bookkeeper and was connected with the accounting department for a number of years, later switching over to the agency department and becoming agency director on the retirement of H. A. Luther. He was elected vice-president a little more than two years ago.

The new slate of officers was reported by the nominating committee, composed of Dr. J. R. Neal, Abraham Lincoln Life, chairman; Roger Billings, Massachusetts Indemnity, and L. J. Adelman, National Travelers Casualty.

The new president was conducted to the chair and spoke briefly. The other new officers were also introduced.

The selection of the time and place for the next meeting was, as usual, left to the executive committee.

Brown, Bradley and McNeill Speakers at First Session

(CONTINUED FROM PAGE 31)

ment or business. He said there must be brought into business an element of conscience, which in the last decade has too often been lacking. He regards the renaissance of conscience as the most hopeful sign today.

He gave one sales suggestion, advising the salesman never to begin at the top but always save his most telling argument for the last. He closed with a graphic picture of a case that recently came to his attention where the delivery of a claim check following the accidental death of the husband and father brought a rebirth of courage to the widow, and said those in the business may well feel that their work is a religious one.

Chester W. McNeill, Massachusetts Accident, in his presidential address

Conference Principle Beneficial

In opening his address on "The Insurance Principle in Medicine," Dr. R. G. Leland, director bureau of medical economics, American Medical Association, declared that it is a good thing for insurance and medicine to meet together for discussion of their mutual problems. He said that the conference principle helps to give both interests a better understanding of the ground on which they meet in common. He cited the present cooperation between a committee of the International Claim Association headed by R. K. Metcalf, Connecticut General Life, and the American Medical Association. Dr. Leland said he has been working with Mr. Metcalf on some problems of great importance, in the solution of which real progress has been made.

Compulsory Health Plans, Mass Medicine Condemned

He condemned both the various schemes for compulsory health insurance, which he said are attractive in theory but have been extremely unsatisfactory in practice, and mass medicine or contract practice on a commercialized basis, under which he included the various pseudo or quasi-insurance plans, which usually are not under any supervision but really embody the insurance principle.

The two principal objections he offered to these plans are the introduction of the promotional element by

solicitation or advertising and the removal of the full choice of a physician. He said that personal confidence in the practitioner is an essential to recovery and that after all it is the patient and not the disease which is being treated.

"Mass Treatment" in Other Fields Abandoned

He said the introduction of the "mass" idea comes at a time when it is being abandoned in other fields. Mass treatment of criminals, insanity, poor relief and education was formerly the rule but that now the advantages of individual attention in each of these fields is now recognized.

Referring to European experience on state health insurance schemes, he said it has resulted in an increase rather than a decrease in morbidity, which was the end sought.

C. O. Pauley, Great Northern Life, chairman of the special conference committee which has been considering this particular problem, said that in his contacts with Dr. Leland he had been impressed with the mass of information he has on this subject and assured the members that Dr. Leland had presented only a small part of it in his address. He heartily endorsed the idea of cooperation between insurance and medicine.

Mr. Pauley reported for his committee at the executive session Tuesday afternoon, but no action was taken on the report.

Greetings from California

A telegram of greeting was received from W. E. Libby of Los Angeles, president of the California Association of Accident & Health Clubs, which this week is observing Accident & Health Week by proclamation of Governor Rolph of California.

Not Considered an Accident

The United States circuit court of appeals has reversed the judgment given by the United States district court in favor of Elizabeth Shane of Davison county, S. D., against the United Commercial Travelers of Columbus, O. The plaintiff's son, who was insured in the company, died during the course of a physical examination in which an injection had been given him. The plaintiff contended that this was death by accidental means, but the higher court took the opposite view.

Opportunity

WITH our Participating Non-Cancellable Guaranteed Renewable Policy we have established a happy and prosperous agency force. We have openings in nearly every state from the Mississippi River to California for high class men. For full details communicate with Mr. Rex Bixby, Agency Supervisor.

Gibraltar Life and Accident Insurance Co.

Denver, Colorado

Capital \$250,000

Surplus \$150,000

Powell Suggests Ways to Cut Cost

(CONTINUED FROM PAGE 28)

made splendid progress in reducing branch office expenses, although the commission item has remained practically uniform.

"With a falling volume of premium income," he said, "it is easy to be led astray as to the actual cost of new production. In studying this problem, it is essential that we know the value of this business to us."

With that in mind, Table II, also presented herewith, was prepared, based on an initial production of 1,000 policies with quarterly premiums averaging \$10 each. The lapse ratios do not represent the experience of any company but are presented merely for illustrative purposes. Scale A is purposely taken as one-half scale B. Mr. Powell said that without doubt the experience of any company approaches B under present conditions.

Table Shows High Cost of Heavy Lapse Ratio

The table shows that quarterly premiums renewing under A at the end of ten years, while only about 16 percent of the original production, are actually almost eight times as great as under B. Columns 5 and 9 show that out of a quarterly premium production of \$400,000 for the ten-year period there will be collected during the last quarter under A \$140,200 and under B \$54,600, or only 39 percent as much. In each case these figures include, of course, the \$10,000 of new premiums produced during that quarter. If renewal premiums only are considered those under B are only 34 percent of those under A.

Method for Determining Value of New Business

"As renewal premiums are the very life blood of the health and accident business, these figures will illustrate clearly the importance of careful consideration of anything affecting the renewal rate," Mr. Powell added.

"To find the value of new business, let us suppose that a given company has a premium schedule providing a margin of 48 percent for underwriting expenses, and that its plan of operation calls for

home office expense 15 percent of total premiums and field renewal expense 18 percent of renewal premiums. Taking the premium income at the last quarter shown as the total quarterly premium we obtain the following results:

15% of total premiums...	\$21,038	\$ 8,198
18% of renewal prems....	23,446	8,038
Sum of the two.....	\$44,484	\$16,236
Margin for expenses (48% of total)	67,322	26,233

Balance for acquisition cost of 1,000 policies...	\$22,838	\$ 9,997
Amount per policy.....	22.84	10

"As it will probably cost around \$25 or \$30 per policy to place it on the books, it is obvious that if the lapse scale approaches Scale B, each policy is worth less than half the cost of placing it on the books. These figures do not take into consideration any policy fee that may be charged in addition to the regular quarterly premium but must include all other acquisition costs such as commission, salaries and expenses of supervision, inspections, etc. In fact, under the commission arrangement of most companies a loss should be expected under Scale A also. Furthermore, if an increased claim ratio reduces the balance available for expenses the amounts shown above are affected accordingly.

Good Agent Valuable Asset, Poor One Costly

"But the matter is not entirely a question of the value of the current new business. We must maintain a producing organization if we have confidence in the future of health and accident insurance. We may have salaried supervisors whose record demonstrates loyal and efficient service but whose business for the present does not show a return of 100 cents for each dollar invested. The greatest immediate economy would be to dispense with such services. Such, however, would in my opinion be false economy, although a reasonable reduction in salary would no doubt be in order and acceptable to the supervisor if he really is a high caliber man.

"A good agent is a valuable asset and we must stand by him. But on the other hand, I sometimes feel that we do not recognize the real cost of a poor one. Here is probably our greatest opportunity to effect economies. I do not call the small producer a poor one if his compensation is brought into line. But if persistently his lapse ratio is bad, or if his selection of risks is

TABLE II—EFFECT UPON VOLUME OF VARIATION IN LAPSE RATE

Quarter	Scale A				Scale B			
	Lapse Pct.	Re-newal Pct.	Quarter Premiums Renewed	Total Premiums per Quarter	Lapse Pct.	Re-newal Pct.	Quarter Premiums Renewed	Total Premiums per Quarter
1	..	75	\$10,000.00	\$10,000.00	..	75	\$10,000.00	\$10,000.00
2	25	75	7,500.00	17,500.00	50	75	5,000.00	15,000.00
3	10	90	6,750.00	24,250.00	20	80	4,000.00	19,000.00
4	8	92	6,210.00	30,460.00	16	84	3,360.00	22,360.00
5	7	93	5,775.30	36,235.30	14	86	2,889.60	25,249.60
6	6	94	5,428.80	41,664.10	12	88	2,542.80	27,792.40
7	5	95	5,157.40	46,821.50	10	90	2,238.50	30,080.90
8	5	95	4,899.50	51,721.00	10	90	2,059.60	32,140.50
9	5	95	4,654.50	56,375.50	10	90	1,853.60	33,994.10
10	5	95	4,421.80	60,797.30	10	90	1,668.20	35,662.30
11	5	95	4,200.70	64,998.00	10	90	1,501.40	37,163.70
12	5	95	3,990.70	68,988.70	10	90	1,351.30	38,515.00
13	4	96	3,831.10	72,819.80	8	92	1,243.20	39,758.20
14	4	96	3,677.90	76,497.70	8	92	1,143.70	40,901.90
15	4	96	3,530.80	80,028.50	8	92	1,052.20	41,954.10
16	4	96	3,389.60	83,418.10	8	92	968.00	42,922.10
17	3	97	3,287.90	86,706.00	6	94	909.90	43,832.00
18	3	97	3,189.30	89,895.30	6	94	855.30	44,687.30
19	3	97	3,093.60	92,988.90	6	94	804.00	45,491.30
20	3	97	3,000.80	95,989.70	6	94	755.80	46,247.10
21	3	97	2,910.80	98,900.50	6	94	710.50	46,957.60
22	3	97	2,823.50	101,724.00	6	94	667.90	47,625.50
23	3	97	2,738.80	104,462.80	6	94	627.80	48,253.30
24	3	97	2,656.60	107,119.40	6	94	590.10	48,843.40
25	3	97	2,576.90	109,696.30	6	94	554.70	49,398.10
26	3	97	2,499.60	112,195.90	6	94	521.40	49,919.50
27	3	97	2,424.60	114,620.50	6	94	490.10	50,409.60
28	3	97	2,351.90	116,972.40	6	94	460.70	50,870.30
29	3	97	2,281.30	119,253.70	6	94	433.10	51,303.40
30	3	97	2,212.90	121,466.60	6	94	407.10	51,710.50
31	3	97	2,146.50	123,613.10	6	94	382.70	52,093.20
32	3	97	2,082.10	125,695.20	6	94	359.70	52,452.90
33	3	97	2,019.60	127,714.80	6	94	338.10	52,791.00
34	3	97	1,959.00	129,673.80	6	94	317.80	53,108.80
35	3	97	1,900.20	131,574.00	6	94	298.70	53,407.50
36	3	97	1,843.20	133,417.20	6	94	280.80	53,688.30
37	3	97	1,787.90	135,205.10	6	94	264.00	53,952.30
38	3	97	1,734.30	136,939.40	6	94	248.20	54,200.50
39	3	97	1,682.30	138,621.70	6	94	233.30	54,433.80
40	3	97	1,631.80	140,253.50	6	94	219.30	54,653.10

"Guaranteed Income"

WITH each Noncancellable Policy we issue a "Triple Guarantee," expiring only at the insured's seventieth birthday, that the contract is: 1, Noncancellable. 2, Incontestable and 3, Nonprorating.

Thus, every Monarch accident and health contract has all the stability of life insurance. In times like the present, when the importance of security is so strongly stressed, these Monarch guarantees make a special appeal to prospects.

MONARCH LIFE INSURANCE COMPANY

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ACCIDENT

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Accident and Sickness Insurance

40 Years
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LIBERAL POLICIES
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in Wisconsin and Michigan

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SECURITY BUILDING MILWAUKEE

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Asst. Sec'y and
Agency Mgr.

LIFE Insurance Agents Will Be Interested in our new policy designed to cover the Total and Permanent Disability Clause discontinued by most Life Companies.

UNITED CASUALTY CO.
Westfield, Mass.

poor, or if he is unreliable in the handling of funds, or if in any way he is using the health and accident insurance business as a 'racket,' then, if we are to take proper care of our efficient men, we should promptly eliminate him from our organization. Furthermore, we should cooperate with the insurance departments and with other companies so that our business will be protected as far as possible from such parasitic methods.

"The present difficulties of many companies have been either caused or magnified by the payment of an unduly high renewal commission rate. If any commission scale makes it necessary to consider parting with an efficient agent in order to make a saving in renewal commissions on business placed on the books, that system is fundamentally wrong."

Mrs. M. G. Closser of Seattle, state manager of the National Casualty, stopped over for the conference meeting on her way to the annual meeting in Pittsburgh next week of the National Association of Accident & Health Managers, at which she will be a speaker.

An enlarged opportunity

A full line of monthly industrial Accident and Health policies has just been added to the business building equipment at the command of representatives of this Company.

This new line of policies rounds out the protection offered by us, with premiums to suit every kind of purse, and benefits as generous as the premiums allow.

The return of better times will mean a large potential demand for Income Protection. Men have learned what it is to be without incomes. As unemployment decreases, accident and illness will become once more the most serious menaces to incomes.

What business has a greater opportunity now than Accident and Health?

Great Northern Life
Insurance Company
Chicago

REVIEW REINSURANCE PROBLEMS

(CONTINUED FROM PAGE 28)

reinsured retains in its entirety and also on its portion of the policy contract requiring reinsurance.

While there is no general experience as to allocation between principal sum, accident indemnity and sickness indemnity, he said the experience of one reinsurance company indicates that principal sum, formerly the most profitable line of the three, is now most unprofitable. The experience on accident indemnity is now more favorable than on sickness, probably due to the fact that heavy losses on health insurance caused companies several years ago to adopt restrictive measures in connection with that line. Health insurance, however, is yet far from profitable.

Importance of Suicide in Death Loss Figures

Some interesting figures were cited to show the importance of suicides in the accidental death loss figures. In 1931, Mr. Proper said, accidental death claims which were directly and definitely the result of suicide amounted to 35.8 percent of the total reinsurance amounts on all accidental death claims of one reinsurance company, while automobile accidental death claims were 23.3 percent. The actual payments on all suicide cases were 30.5 percent of those on all accidental death cases and 27.1 percent on automobile accidental deaths. For 1932, claims directly attributable to suicide were 40 percent of all accidental death claims and automobile accidental death cases were 32.3 percent. The ratio of payments or reserves on suicide cases to all accidental death payments remained at 40 percent, while automobile accidental death payments developed a ratio of 30.5 percent. In these figures, suicide claims were not so classed unless the deaths were clear and unquestionable cases of suicide.

Double Indemnity Extension Called "Foolish Procedure"

"The use of the automobile in connection with suicides shows a marked increase because of the provision in many contracts extending double indemnity for automobile accidents," Mr. Proper said. "This provision, together with many others, will doubtless be relegated to the discard in these days of returning to saner underwriting. The extending of double indemnities under accident policies because of specific types of accidents or injuries received on certain specified modes of travel has been somewhat of a foolish procedure. It typifies the sidetracking of sound underwriting practices in favor of competitive demands. It makes possible the collection of indemnities far beyond the actual earned income in the event of injuries being suffered or sustained in a manner provided by the contract for certain types of accidents."

Distinctions on Occupation Have Proved Valueless

Mr. Proper referred to the fact that many companies in the past few years have either increased principal sum rates or reduced benefits and said that undoubtedly, while they may have lost a small percentage of their premium volume thereby, they will be the first to enjoy the fruits of these corrective measures, which must be eventually employed by all who expect to continue with this important part of their policy contract.

In discussing the total accident indemnity clause, Mr. Proper spoke of the efforts to make a distinction between "his" occupation and "any" occupation, and said that court decisions render this distinction virtually valueless, quoting several cases in point. He held that the logical procedure, therefore, "is the adoption of a clause or clauses providing full indemnity for total disability, or for the prevention of the assured from performing all the duties of his regular

or customary occupation, but with a limit to the period during which indemnity shall be payable, rates to be promulgated accordingly."

In connection with rate advances, Mr. Proper said that some companies have hesitated to apply this increase to renewals, maintaining that this would be unfair to old policyholders. He declared that it is, in fact, probably less unfair than to require present and future applicants, especially those who have not previously been eligible for insurance, to pay premiums large enough to permit the absorbing of losses under old policies wherein the rates and premiums have developed to be inadequate. He declared further that it is not equitable to penalize, even to a small extent, those within age limits for which no increase is made, by carrying or renewing without additional premium charge the contracts of those who have passed the upper age limits.

Public Confidence Is Greatest Asset

(CONTINUED FROM PAGE 29)

evils of want and poverty and keep the home fires burning than any other business in the world; bridging the gap between sickness and health, disability and strength; keeping the life policy in force and the American family together, without humiliation of charity. It is a vast, fertile field which scarcely has been scratched, offering great opportunity for constructive development.

Mr. Brown touched on the danger of government control of insurance and said it behooves insurance men to watch their step. He said all that is necessary is to chart the future course from the landmarks of safety that have guided the business in the past. It is necessary to hew still more closely to the line that experience has taught is safe.

Special Rates for Bad States Urged

(CONTINUED FROM PAGE 29)

showing a consistently high claim frequency. There has not, however, been any wholesale movement along this line.

The increase in the average amount paid per claim is fully as distressing as the increase in claim frequency, Mr. Powell said. While definite figures are difficult to obtain, those which are available indicate clearly that the amount paid per claim has increased consistently in the last three years. One company's figures indicate an average payment per claim of \$65 three years ago, on a certain class of business, as compared with an average payment of \$90 on the same class of business in 1932. Another company, in announcing certain rate increases on existing business, states frankly that the amount paid per claim has increased approximately 25 percent in three years.

Reasons Assigned for Increase in Amounts

Reduction in the average income, and complete loss of income, is undoubtedly a large factor in this increase, he declared. "There cannot be any great incentive for a disabled man to speed his convalescence in order to get back to a job which doesn't exist, or to a job that will probably pay him less in actual money than he is getting from his disability policy."

He held the companies largely to blame for another factor in the increase—liberalization of the average policy contract, with a compensating increase in premium. In the days of larger income, people were inclined to take a reasonable

attitude on claims, but now they insist on securing every possible benefit, large and small, including all the "frills." Large indemnities also have had a part in the mounting loss ratios. Assuming as true the "axiom of the business" that losses increase as volume decreases, he suggested that probably a goodly share of the increase in loss ratios in the past three years can be attributed to the fact that volume has consistently shrunk in that period.

In applying rate increases as a remedy, he said that no particular plan seems to have been followed, although in the main the increase seems to have been applied more to principal sum premiums than to that part of premiums apportioned to the weekly or monthly indemnities. This is the portion of the policy which is usually least attractive to the average policyholder. However, the fact remains that the company either has less liability under the contract, or is getting more money for it. Much discussion has resulted, with some advancing the theory that an increase in rates on existing business would mean adverse selection. The companies which inaugurated the program, however, appear generally to be adhering closely to it.

Tells Advantages, Dangers of Medical Reimbursement

(CONTINUED FROM PAGE 29)

to control the situation. Of course, as long as the expenses in such cases are nominal the company has no more to lose by reason of the fact that the insured profits to the extent of whatever he collects from the insurance company than in the case of the individual who has to pay out the same amount to his doctor except the moral effect is bad and there is increased incentive for excessive charges through connivance of the policyholder and physician.

"Some companies have instructed against the issuance of a policy containing the medical reimbursement provision to an individual who already has a policy of that character in another company. It, of course, would be very objectionable from the standpoint of the companies for a policyholder to carry reimbursement policies in several companies. Up to the present time no method of controlling this situation has been developed. Most assuredly cancellation of policies would follow where it was discovered in connection with a claim that reimbursement policies in several companies were involved with the claimant pressing claims against each one of them for the full amount of the expense.

Should Encourage Production Among Average Citizens

"There is another underwriting angle which amounts to a paradox in that the prominent well-to-do business or professional man will go to the highest priced specialist and go to the highest priced hospitals and have all of the expensive frills and run up a bill several times as great as Mr. Average Citizen would for the same injury hence the proper spread of liability is very important. Agents will naturally run to these high priced professional and business men and special inducement should be held out to encourage production in the group where Mr. Average Citizen belongs.

"Most of the companies restrict the first unit of reimbursement to a minimum of \$500, for which amount the premium can be sufficiently loaded to provide for a fair margin of profit since, while all of the small bills are covered, there will be a larger number of claims where the full limit of reimbursement is not collected than would be true in the case of reimbursement issued for say \$100. The premium necessary to charge for a minimum of \$100 reimbursement would of necessity be out of all proportion to the premium charged for a minimum of \$500 reimbursement.

"Where combined with weekly indem-

nity there is without a doubt some saving to be counted upon through the payment of expense instead of partial or total disability benefit, particularly partial. Just how much difference this will make in the case of the weekly indemnity benefit it has not been possible to determine as yet but individual cases which have come to the writer's attention indicate that with a smart agent or claim man on the job partial disability has been kept to a minimum or eliminated entirely through the operation of the medical expense reimbursement provision. There is no question but that the provision for a flat amount of partial disability indemnity has been overworked in the past and the payment of medical expense should have a tendency to improve conditions in this respect.

Saving Through Eliminating Partial Disability Payments

"Over-insurance is a problem because the individual's worth or earnings is not a proper measuring stick. Present policies do not contain a provision which would enable several companies on a risk to prorate the expense among them, hence it is possible for a policyholder who carries several reimbursement policies in different companies to collect several times the total amount of expense. The company can safeguard itself against such cases only through having an expert claim man on the job early, to set the scenes for the prorate of expense. Successful, well-to-do professional or business men or women can reasonably be expected to purchase \$1,000 or even \$2,500 or \$3,000 of reimbursement, but when the housewife, bank clerk, or the man in very moderate position purchases reimbursement benefit in such amount there naturally is reason to be suspicious. Of course, the chief danger is from the individual who carries policies in several companies, the carrying of several such policies in different companies is sufficient evidence in itself of wrong intention.

Definiteness of Benefit Is Attractive Feature

"One of the attractive features of the reimbursement policy from a sales standpoint is the definiteness or exactness of the benefit promised. Claims for the most part accordingly can be paid promptly and without investigation; however, a well posted and well trained claim organization is very essential if a profit is to be realized from this class of insurance.

"Policyholders and physicians are as a rule fair and reasonable but these policies will be taken advantage of, however innocently. Cases have come to the writer's attention where a physician had prescribed and was following

out a course of therapeutics which would have probably used up the limit of reimbursement provided, on the theory that the treatment while not necessary would be beneficial and since the claimant had provided against the expense of such treatment he might just as well have it. A tactful explanation by the claim adjuster in a case of this kind caused the physician to see the light and release his patient. Doctors and nurses are in the main very cooperative and should be kept so. They should be quick to appreciate that insurance of this character means prompt payment of their fees and that a tendency to over charge or to take unfair advantage will quickly result in withdrawing the 'golden goose' from the market.

Restriction as to Fees Regarded as Impractical

"Beneficial results should follow introduction of this form of insurance particularly because of the tendency to reduce the average amount of principal sum and weekly indemnity exposure and the company is particularly fortunate which can replace its old fully accumulated policies with reimbursement policies issued on a non-accumulating basis.

"The idea of including in such policies restriction as to the fees to be charged by physicians and nurses or a daily rate while in hospitals, etc., is in our opinion impractical, except where such policies are being sold to large groups of individuals. Prospects in different walks of life have different ideas as to what they should and would pay for such treatment; a bank clerk would not expect to pay more than \$2 a visit from his physician or \$3.50 a day in a hospital, but it would not be possible to interest a prominent attorney or banker in a policy with any such limits. Maximum limit of reimbursement with charges accordingly does in a large measure restrict the payment and goes as far in that direction as would be practical in our opinion."

Scherr Reviews New Legislation

(CONTINUED FROM PAGE 32)

they happen to be classed as casualty companies in most states."

A rather surprising feature of the legislative season this year was that no bills of any great consequence have been introduced to increase the rate of taxation for insurance companies. It appears, Mr. Scherr said, that the legis-

latures have been more interested in a general tax revision than in singling out any special line for increased taxation.

The report of the legal committee, submitted by E. St. Clair of the North American Accident, chairman, also stressed the efforts to secure medical lien legislation, of which it said:

"In our opinion, this legislation instead of being helpful is detrimental. Its effect in, I believe, the one instance where it has been adopted, has been to hamper, rather than expedite the liquidation of claims, as under the law in one state it becomes necessary to obtain releases from practically everybody who has come in contact with the injured person who holds an insurance policy."

The report pointed out that "prevailing high claim ratios in sections of the country where the normal claim ratio is much increased by penal laws show the necessity of either withdrawing or of making substantial increase in rates if the companies are to continue to do business in such localities."

High tribute was paid to the present supervision of the business. The belief was expressed "that at no time in the past have the qualifications and abilities of supervising officials attained their present height and the outlook is that this condition will continue."

More Uniformity Needed on Major Issues, McNeill Says

(CONTINUED FROM PAGE 33)

health insurance for an accident and health company, but if he plans to write that coverage in a life company, the fee is not required. In view of the widespread discussion of federal supervision of insurance, he suggested that the conference should formulate an opinion, "that we may be ready to act if and when action is necessary."

The scandal monger came in for vigorous condemnation by President McNeill, who said that the companies should instruct their representatives in the field that any stories circulated about other companies' financial condition cannot be tolerated.

He expressed high appreciation of the signal service performed by the conference committees, referring particularly to the difficult task accomplished by the manual committee which, he said, had brought about more uniformity in rating and has had very beneficial results. In speaking of prospects for the future, he said:

"Throughout the present upheaval, the business of insurance has justified its existence. The fundamental need of our form of protection which provides

against economic death is as great now as ever. There are and will be thousands continually employed, who have not been approached to carry the coverage we are prepared to furnish.

"With or without foundation, many of us have been pessimistic but in the estimation of many learned men a new era that should create optimism in all of us is now before us. It is reported that many industries are reopening, that some have added to their force, while others have increased their payroll and that the welfare committees maintain that there is a reduction in the number of those asking for aid.

"The President of our nation has won many converts who appreciate and admire his executive ability, his integrity and honesty of purpose. With the uniformity of opinion and ready support being given him by the Congress and the citizens of the United States, we must go forward. It is needless to remark that this can affect our line of business only advantageously."

Golf Tournament Winners

The conference golf tournament was held Monday at Olympia Fields, being followed by a dinner and "smoker" for the golfers Monday night. Some of the golf sharks arrived Saturday and put in three days of play.

V. M. Ray, Hoosier Casualty, turned in low gross score, J. Penrith, United of Chicago, second, and F. D. Meacham, Hooper-Holmes, third.

J. Charles King, Hooper-Holmes Bureau, had low net; O. B. Hartley, Great Western, second; C. A. McCord, Illinois Mutual Casualty, third, and George Galloway, Galloway Service, fourth.

Chester W. McNeill, Massachusetts Accident, had high gross.

Trophies were presented to the winners at the banquet Tuesday night by John J. King, Hooper-Holmes Bureau, with appropriate ceremonies.

Report of Manual Committee

The only suggestion made in the report of the manual committee was that all companies should fully inform the committee concerning any changes which appear advisable and concerning new occupations which should be classified and listed.

This suggestion was made with the idea that any change in the present plan of listing and classifying risks, changes in the listing and additional listings should be based upon the experience of the companies using this manual in rating risks.

In the absence of R. S. Hills, Massachusetts Bonding, chairman, the report was read of President McNeill.

THE HOOSIER CASUALTY COMPANY

INDIANAPOLIS, INDIANA

An Indiana Company and a Stock Company Writing

ALL COVERAGES ON AUTOMOBILES AT LIBERAL PREMIUM RATES

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75 MAIDEN LANE, NEW YORK CITY



The National Underwriter

June 8, 1933

CASUALTY AND SURETY SECTION

Page Thirty-nine

Illinois Is Next in Line on Costs

Acquisition Conferences to Concentrate on Solution of Chicago Problems

FULL ACCORD EXPECTED

Anticipate Wide Extension of Cost Program as Result of General Business Upturn

NEW YORK, June 7.—This and other states having been brought into line with the regulations of both the fidelity and surety and casualty acquisition cost conferences, attention will next be given Illinois. Cooperation of general agents and branch managers in that state will be sought by the company executives to adopt a program for the general betterment of the business. Efforts to formulate an agreement in so far as Chicago is concerned have been made from time to time during the past 18 months and while entire success was not attained home office and agency interests now have a better understanding of their common problems. This justifies the expectation that a definite accord may be reached at the next joint meeting. Although no date for such gathering has been fixed, the understanding is that it will take place in the near future.

Trouble Solved in New York

Multiple company representation and the payment of excessive brokerages are held to be now, as for some time past, the main trouble sources. These conditions are not peculiar to Chicago, having been experienced in this city, in equal if not greater degree, until the new regulations were determined upon some weeks ago, and which are working out very satisfactorily.

Both cost conferences have devoted considerable time to the formulation of their respective basic programs now in operation in a number of states and intended for application in all others in the course of time. As a matter of fact the regulations would have been applied in an added number of states before now, had company officials and their field men not been compelled to grapple with the grave issues forced upon the business by the general economic depression.

With the clearing of the general atmosphere and tangible evidence of the upturn in industry, company men feel they may now give attention to putting into force the acquisition cost regulations that have been held in partial suspense thus far, and anticipate they will have the intelligent support of the agents in their efforts.

Casualty companies organized under Michigan laws could write automobile fire and theft, in addition to regular casualty lines, under terms of a bill in the Michigan house.

Program Is Completed for A. & H. Managers Sessions

GIVE TWO DAYS TO BUSINESS

Outing Trip to Golf Course Above Clouds Scheduled—Sales Congress in Evenings

The completed program for the annual meeting of the National Association of Accident & Health Managers in Pittsburgh, June 15-17, was announced this week. The first two days are devoted to business sessions. Saturday, June 17, a trip to the Summit hotel at Uniontown, Pa., is planned for all delegates. Golf among the clouds, on the only course in that part of the country located on top of a mountain, is an attraction. All convention sessions will be at the Keystone Athletic Club, which has also granted a rate of \$2 a day for the accommodation of delegates. The registration fee has been reduced to \$1. The convention starts with a luncheon June 15 at 12:15 p. m. The program for the regular business sessions follows:

Thursday, June 15

Address of Welcome, Walter M. Ivey, Monarch Life, president Pittsburgh Accident and Health Insurance Managers' Association.

"Scope and Accomplishments of National Association," E. H. Mueller, Milwaukee, president National Association.

"Problems and Aims of National Association," Armand Sommer, Chicago, secretary-treasurer, National Association.

"Should This Business Attract Young Men and Why?" W. D. Mead, Seattle, manager Pacific Mutual Life, regional vice-president National Association.

Friday, June 16

Round table conference, 10 a. m. Subject, "Problems of Agency Management."

Leader, J. P. Collins, Detroit, supervisor National Casualty, past president National Association.

"Is Your Agency Profitable to Yourself, to Your Company, and to Your Agents?" Eugene F. Burge, Toledo.

"How Should Sustained Training Be Accomplished?" C. W. Elton, Pittsburgh, Connecticut General Life.

Luncheon, 12:15 p. m. Messages from various clubs.

1:45 p. m. Profitable Underwriting.

"Depression Underwriting Lessons," J. W. Scherr, Cincinnati, president Inter-Ocean Casualty.

"Inspection Influence," S. S. Ridgely, New York, supervisor Hooper-Holmes Bureau.

"Underwriting Responsibility of Local Agency," Mrs. M. G. Closser, manager National Casualty, Seattle.

Reports of committees.

Election of officers.

Saturday, June 17

Luncheon 12:30 p. m. at the Summit Hotel, Uniontown, Pa. Afternoon, golf. Evening, informal dinner 7:30 p. m., followed by dancing and bridge.

Sunday, June 18, golf and open program.

Sales congresses will also be held both evenings, the program for those sessions being as follows:

Thursday, June 15, 8 p. m.

"Why Accident & Health Insurance?" Harold R. Gordon, Chicago, executive

Great Northern Life Takes Over the Midland Casualty

PATTERSON VICE-PRESIDENT

Commercial and Monthly Business of American Bankers Also Reinsured —Adds \$300,000 in Premiums

The Great Northern Life it is announced this week by President H. G. Royer and Secretary C. O. Pauley, has taken over all the assets and liabilities of the Midland Casualty of Milwaukee, writing accident and health only, which is being merged with the Great Northern. It has also taken over all commercial and monthly premium policies of the American Bankers as of June 1. The American Bankers is to take care of all claims arising prior to that date.

John Patterson, president of the Midland Casualty, who is one of the best known accident and health men in the country, having been for many years manager of that department for the Massachusetts Bonding, becomes vice-president of the Great Northern and will have entire charge of the new monthly premium department which it is opening. He will have associated with him in that department his son, Kenneth Patterson, who has been secretary of the Midland.

The Midland was incorporated in 1911 as the Badger Casualty, succeeding the Badger Protective Association of Green Bay, which had operated from 1901. It has maintained its home office in Milwaukee since 1916.

Adds \$300,000 to Premium Income

The annual accident and health premium income of the Great Northern is increased at least \$300,000 by these absorptions. The greater part of the business taken over from both the Midland Casualty and the American Bankers is on the monthly premium basis. The Great Northern has written no business on that plan heretofore but will now become active in that field under Mr. Patterson's management. All of the desirable agencies of both the Midland and American Bankers will be taken over by the Great Northern.

In connection with this expansion move, the Great Northern has increased its capital to \$319,000 and plans to enter several additional states where the American Bankers had a considerable volume of business.

The Great Northern is now licensed in 21 states. The Midland Casualty was entered in Wisconsin, Illinois, Indiana, Michigan, Ohio, Pennsylvania and Missouri.

The American Bankers has now withdrawn entirely from the accident and health field, having quit the weekly premium business some months ago. It is retiring from nine of the 16 states in which it has been operating—California, Alabama, Florida, North Carolina, Arizona, District of Columbia, Georgia, West Virginia and Michigan.

secretary Health & Accident Underwriters Conference.

"The Capital Value of Accident & Health Premiums," C. G. Schillerstrom,

(CONTINUED ON PAGE 42)

National Surety Deal Is Pondered

Commissioners Endorse Action of N. Y. Department in Rehabilitation Program

DETAILS ARE EXPLAINED

Plan to Be Announced Shortly for Working Out Guaranteed Real Estate Investments

Much attention was given to the National Surety situation at the annual meeting of the National Convention of Insurance Commissioners in Chicago.

Commissioner M. L. Brown of Massachusetts, who is chairman of the commissioners' committee acting in behalf of holders of mortgages or their equivalent, which were guaranteed by the National Surety, called several meetings of his committee, and the convention as a whole went into executive session on the question. E. M. Allen, vice-president, and E. A. St. John, vice-president in charge of agencies of the National Surety, attended the convention.

Resolution Is Adopted

The commissioners adopted a resolution commending the president of the convention in appointing a committee of commissioners to aid holders of real estate securities guaranteed by the National Surety and by conferring with the New York superintendent as to the most expeditious means of reorganization and one which will most efficiently and completely protect the pledged and trusted securities underlying the obligations now held by the public, as well as the rightful claim and recourse of such investors against the assets of the National Surety which may be properly available in lieu of or in satisfaction of the guarantee heretofore extended and outstanding by that company.

Members of the commissioners' protective committee, under the resolution, were extended the support of the convention in their efforts to safeguard the interests of the public and to relieve creditors from the burdensome expense and hazards of representation actuated by the hope of personal gain and compensation.

Special Counsel on Hand

Milton I. Ignatius, special counsel for the New York department in the National Surety case, went to Chicago and explained the deal to the commissioners.

At one of the sessions, Superintendent Van Schaick of New York said that a serious situation developed in connection with the National Surety and some action had to be taken. The problems involved were so stupendous that it "made us shudder to think of taking over the company for liquidation." He said that the department attempted to soften the disaster for the benefit of creditors. The National Surety brought

in the plan, which was subsequently followed, and the New York department approved it. The plan undertook to cut through and find where the trouble lay, he said. It was found that 80 percent of the business was profitable and an attempt was made to save that part.

The help of the Reconstruction Finance Corporation was needed. Mr. Van Schaick said there is no question but that the program is sound. If it succeeds it may have a profound effect on how liquidations may be handled to avoid loss of going business. The various phases of the plan need to be interpreted to the public, he said. Therefore it was deemed wise to have a committee of commissioners appointed.

Save Going Business

Mr. Ignatius said that the big question was to save the going business of the National Surety and to prevent it from being raided. Steps had to be taken to guard against a flood of cancellations and a prearranged plan was necessary.

The first phase of the reorganization was the organization of the new National Surety to take over the continuing business. He observed that the new company did not reinsure the outstanding portfolio of the old company. If that had been done a new company would have become liable for the unearned premiums and would have remained vulnerable.

The new corporation agreed to assume the losses on outstanding risks, but not to assume liability for the return premium. The policyholders could continue and be fully protected, but if they canceled they would have to look to the old company for the return premium. This was a defensive measure, he said.

The next phase was a plan of rehabilitation in connection with the guaranteed securities. The National Surety had \$53,000,000 of outstanding guaranteed mortgages, he said. These were issued by 22 real estate and mortgage companies and include 10,500 items of property.

Mortgagors Defaulting

For some time, he said, the mortgagors have been defaulting. The National Surety had acquired 4,500 parcels of property and new mortgages had been created. For three years, he said, the National Surety had spent \$33,000,000 in connection with its real estate operations, including expenses of foreclosure, acquiring title and acquiring stock of mortgage houses. The properties involved are concentrated, he said, largely in Georgia, Alabama, Texas, the West Coast and Maine.

The third phase of the reorganization, he said, will be the marshalling of all odd assets and the determination of the company's actual liabilities to other classes of creditors.

For the first 18 days of its operation, the National Surety was \$109,000 ahead in point of cash position, he said.

Mr. Ignatius recalled that a bondholders' protective committee was formed under the leadership of Stein Bros. & Boyce of Baltimore, who had been dealers in securities guaranteed by the National Surety. Inasmuch as it was the duty of the New York department to see that the bondholders were protected, those in charge of the rehabilitation did not regard it as suitable to have a private committee functioning. Therefore the commissioners' committee was promoted.

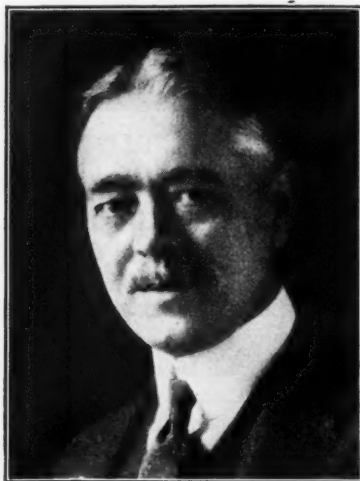
Van Schnick Holds Stock

In answer to a question from Commissioner Tobin of Tennessee, Mr. Ignatius pointed out that every share of the new National Surety is held by Superintendent Van Schaick for the benefit of creditors subject to the lien of the Reconstruction Finance Corporation. The voting rights are shared by Mr. Van Schaick and the R. F. C.

Of the \$11,000,000 odd assets of the new National Surety, \$4,000,000 are agents' balances. If there had been a straight liquidation, Mr. Ignatius expressed the belief that not \$1,000,000 of that amount would have been collected.

(CONTINUED ON PAGE 42)

E. A. St. John at Head of Agency Department



E. A. ST. JOHN

President Cullen of the National Surety in the reorganization of the company announces the appointment of Vice-president E. A. St. John as agency director in complete charge of the agency department. S. G. Drake will be vice-president in charge of production. Mr. St. John was formerly manager of Joyce & Co., Chicago general agents of the National Surety. He was called to the head office in 1916 as assistant to the president and later became president. In 1929 he was chosen vice-chairman. Mr. St. John is essentially an agency man. He kept up his personal production and during his early years in New York he utilized his spare moments so that his premiums amounted to \$200,000 a year. It is said that one of the largest premiums in the history of the business was written by him on a hunch that he got. He was busy with his executive duties when an idea occurred to him. He ran out of the office, returned in an hour having sold a bond carrying a premium of \$78,000.

Mr. Drake started with the National Surety in January, 1921, as field representative in the burglary department. He developed that line throughout the country. In February, 1929, he was transferred to the agency department and put in charge of production for the entire company. He was elected a vice-president in 1931.

Beha in Chicago Conferences

James A. Beha, general manager of the National Bureau of Casualty & Surety Underwriters, went to Chicago Tuesday after having participated in the annual meeting of the Insurance Federation of Minnesota. While in Chicago he conferred with Wade Fetzer, head of W. A. Alexander & Co. of Chicago, W. G. Wilson of Cleveland, and other leaders in the National Association of Casualty & Surety Agents, who are lobbying for a new compensation rating plan, based on the man-hour basis and embracing the retrospective principle.

Mr. Beha also conferred with W. H. Stewart and other members of the Chicago committee who have been attempting to set up some machinery in that city for controlling acquisition cost.

To Form New Reciprocal

OLYMPIA, WASH., June 7.—The insurance committee of the Washington Freight Haulers Association has decided to form an inter-insurance exchange. Under the Washington code a minimum of 25 members with net worth of \$20,000 each is required.

Seconover & Ford of Indianapolis have been appointed general agents of the American Bonding and Columbia Casualty.

Rates on Renewal Policies Raised July 1 by Travelers

LIMITATIONS ARE IMPOSED

Company to Charge New Rates on Old Medical Reimbursement Form Business After July 1

Following its recent change of rates on new accident business written on the medical reimbursement form, the Travelers has notified its field force that the same change of rates will apply to business renewed on and after July 1. Rates on certain health policies have also been raised.

The new rates on the reimbursement accident policies on class A risks are \$35 instead of \$30 on the R(1) policy issued in units of \$5,000 principal sum and \$25 weekly indemnity with reimbursement limit of \$500; and \$26.50 instead of \$25 on the R(2) policy, which is the same as the preceding contract, except that it has no principal sum benefit.

No Announcement by Others

Increased rates on new business on the reimbursement form became effective April 1 for most accident companies. However, with the exception of the Aetna Life and the Connecticut General Life, this form has been written only a short time by any company but the Travelers, and it is considered unlikely that companies generally will follow the Travelers action on renewal business. No announcement has been made by the Aetna Life or Connecticut General, both of whom started writing the reimbursement form about a year later than the Travelers.

Agents of the Travelers have been urged to see their policyholders to explain the reason for the increased rates, which are based on more unfavorable experience on both accidental deaths and non-fatal accidents. While the company points out the desirability of getting the assured to renew his policy at the new rate, it points out that if he does not wish to pay the new rate, he can continue at the old rate by eliminating the first two weeks of disability by a rider which applies to renewals only, or the policy may be renewed for reduced amounts of principal sum and/or weekly indemnity by endorsement.

Limiting Weekly Indemnity

The company is also limiting weekly indemnity under health or health portion of disability policies to \$100. Policies issued for larger amounts must be reduced or rewritten on a present-day form for not more than the \$100 limit.

Premium rates on renewals of house-confinement forms of health and health portion of disability policies will be \$8 from ages 18 to 50 and \$11 from ages 51 to 60 for each \$5 of weekly indemnity. Certain forms of health and disability policies providing life indemnity health coverage will be continued only if a rider is signed limiting the weekly indemnity in case of disability by disease to 52 weeks.

The premium rate for certain health policies and health portion of disability policies with limit of 52 weeks for disability by disease will be \$10 from ages 18 to 50 and \$13 from ages 51 to 60 for each \$5 of weekly indemnity. For other such contracts the rate will be \$9 and \$12 respectively. Certain other cancelable forms providing life indemnity for disability from disease will not be renewed, but the company will consider applications from these insureds for new policies on present-day forms.

Rules Out Restricted Policy

The Northwestern Casualty of Seattle, stock subsidiary of the Northwestern Mutual Fire, has been asked by the Washington department to discontinue the writing of its restricted automobile policy, which it has done. This follows a recent decision in the American Automobile rate case.

Experiment on Plan for Handling Rejected Risks

MILWAUKEE, June 7.—At a meeting of the governing committee of the Wisconsin Compensation Rating & Inspection Bureau here Monday it was decided to experiment further with the voluntary plan of handling so-called "rejected risks" under the state workmen's compensation insurance laws. In attendance were William Leslie, National Bureau of Casualty & Surety Underwriters, and H. L. Mount, Wisconsin compensation insurance board.

The bureau committee has held several meetings to consider the handling of rejected risks. For some time past the bureau has had difficulty in administering the voluntary plan of insuring risks that in good faith are entitled to workmen's compensation insurance under the Wisconsin statutes, and which have been rejected by three or more companies.

Consideration had been given to the invoking of the compulsory feature of "pooling" rejected risks among company members of the bureau, as automatically provided by the statutes in event the voluntary plan does not work out satisfactorily. Representatives of stock companies in particular favored amending the rules governing the insuring of rejected risks so as to make the voluntary plan workable.

Fathman Succeeds Winkler in National Surety Post

M. J. Winkler of Pittsburgh, who recently resigned as manager of the National Surety's credit department for western Pennsylvania and Ohio to associate with the credit division of the London Guarantee & Accident, is succeeded in the Ohio territory by E. H. Fathman, who has established headquarters at Cleveland. An appointee to the Pittsburgh office is under review and will be announced in the near future.

Mr. Fathman for the past 10 years has had charge of the credit business of the National Surety in the province of Quebec, with headquarters at Montreal. C. R. Pierce, who has been attached to the Montreal office for several years, has been placed in its charge.

The Earls-Blain Company of Cincinnati has been given the general agency of the National Surety for the Ohio counties of Butler, Hamilton and Warren, and the Kentucky counties of Campbell and Kenton. The Newark, N. J., management has been given H. B. Hodge, for a number of years attached to the National Surety's New York City general office.

Lexington Surety People Indicted

NEW YORK, June 7.—Several of the former officers and employees of the Lexington Surety & Indemnity of this city, charged with fraudulent practices in connection with its affairs, surrendered to the attorney general following their indictment. They include, H. H. Dorsen, president; H. R. Burney, vice-president; B. Shepard, secretary; Harold Speilberg and Mrs. H. D. Rabinowitz employees. Speilberg is likewise reputed to be under indictment in connection with the collapse of the Equitable Casualty & Surety, which was taken over by the department for liquidation in December, 1930.

New Company to Sell Stock

The Mission Surety Corporation, which is being organized in Los Angeles by C. W. Soderstrom as president and Prentiss Shafer as secretary, has been granted a permit to sell 1,000 shares of capital stock, par value of \$100, at a selling price of \$125. Authorized capital is \$1,000,000 divided into 10,000 shares.

Mutual Leaders Hold Round Table Sessions in Chicago

TWO GROUPS REPRESENTED

Occupational Disease and Uninsurable Risk Problems Were Among Principal Questions Discussed

About 30 executives of mutual companies were at the Edgewater Beach hotel in Chicago this week for round table sessions of the National Association of Mutual Casualty Companies and the Association of Automotive Mutual Companies. The program was shaped up by A. V. Gruhn, manager of the American Mutual Alliance, and Frank Fleming, manager of the New York office of that organization.

Among those on hand were J. J. Fitzgerald, of the Grain Dealers National Mutual Fire of Indianapolis, who is president of the Automotive Mutual organization; H. J. Hagge of the Employers Mutual of Wausau, Wis., who is president of the National Association of Mutual Casualty Companies; John Train of the Utica Mutual; C. E. Hodges of the American Mutual Liability; M. B. Dalton of the Liberty Mutual, and G. L. Mallery of the Security Mutual Casualty.

Others in attendance included C. N. Jacobs of the Hardware Mutual Casualty, S. Bruce Black of the Liberty Mutual, Owen B. Augspurger of the Merchants Mutual Casualty, and H. G. Kemper of the Lumbermen's Mutual Casualty.

Managerial problems such as investments, underwriting, rates and advertising were discussed. The casualty companies gave particular attention to the occupational disease question and the uninsurable risk situation.

Western Companies Held a Business Meeting at Topeka

KANSAS CITY, MO., June 7.—Following a production campaign in celebration of the granting of their charters in Kansas, the Western Casualty and Western Fire of Fort Scott held an all-day business meeting with more than 100 Kansas agents at Topeka. This is the second of two state meetings, in both of which agents have been very much interested, evidencing a desire to discuss their problems and to recognize leadership when it is offered.

Ray B. Duboc, president, gave the principal talk, reassuring agents of the financial soundness of stock insurance company structure; suggesting how to read and judge financial statements; and asserting that "insurance has justified itself during the present depression."

Mr. Duboc made the awards of silver buttons to agents who have represented the companies more than 10 years, and gold buttons to those who have represented the companies from 10 to 14 years.

The oldest agent in point of service is A. Flintjer of Leavenworth, who was licensed 22 years ago by the old Western Automobile Indemnity, parent of the present Western Casualty & Surety.

To Follow N. Y. Tariff

Announcement is made by O. B. Augspurger, president of the Merchants Mutual Casualty of Buffalo, that after July 1 the company will adopt the rates of the New York Mutual Rating Bureau and the National Bureau of Casualty & Surety Underwriters for automobile. In the past the Merchants Mutual has obtained approval of the New York department for lower rates.

The Danvers Mutual Fire of Danvers, Ill., a township mutual fire company, has been reinsured with Patron's Mutual Fire of Stamford, Ill.

Ohio Casualty and Surety Managers in Get-together

CLEVELAND SITUATION BAD

Help of National Bureau Sought in Ending Plate Glass Racketeering Causing Heavy Loss

CLEVELAND, June 7.—The Ohio Association of Casualty & Surety Managers held its second annual get-together here, joining forces with local casualty and surety associations to celebrate the event. A joint dinner was held with H. S. Frank, president Cleveland Surety club, presiding. No speakers or business were scheduled, the gathering being purely social.

In the afternoon members had an outing at the Blackbrook country club, and in the evening a party was held at a Mentor, O., resort.

Officers of Organizations

Officers of the Ohio Association of Casualty & Surety Managers include President John Parks; E. D. Sweet, vice-president, and Chester Taylor, secretary-treasurer. Officers of the Cleveland Surety Club, H. S. Frank, president; V. L. Foxwell, vice-president; F. G. Merrill, secretary-treasurer. Officers of the Cleveland Association of Casualty Underwriters E. D. Sweet, president; Ben Goddard, vice-president; George Goodman, secretary, and Hugh Goibelle, treasurer.

The Cleveland Casualty association voted at the June meeting to place the matter of financing the war against racketeers before the National Bureau of Casualty & Surety Underwriters. The national body is already familiar with the Cleveland situation, where great loss has been suffered in plate glass and general property damage, and is willing to support the local cause.

Barbers' Activities Noted

Activities of a recently formed barbers association are held responsible for a great deal of trouble and shops refusing to join this association have been subjected to the attacks of vandals with heavy losses to insurance companies.

The Cleveland association joined the Associated Industries of Cleveland and other cooperating organizations some time ago to put a stop to racketeering. In some respects the situation has grown worse. It is even reported that a racketeers bureau has been considered to exact tribute from insurance companies in return for warning service regarding property scheduled for attack.

Occidental to Coordinate Accident-Health and Life

The Occidental Life of Los Angeles, which has had a separate agency organization for its accident and health department, will go on a new basis June 16. Hereafter a closer coordination is to be effected between that department and the life department and all agents of the company will be stimulated to greater activity in the production of both classes of business. The change is expected to result in an improved showing for the accident and health department through greater production by the life men.

The company probably will start the active writing of accident and health insurance in Canada at the same time. It is qualified for accident and health in the Dominion, where it has been writing life insurance for nearly five years, but has not been active in that field there. Now, however, life agents in Canada as well as in this country are to be encouraged to write accident and health.

The new plan was announced this week by General Manager R. J. Giles, who was in Chicago for the meetings of

Claim Head



WILLIAM MAC INNES

William MacInnes for sometime past head of the automobile department of the American Surety and the New York Casualty, is now manager of the casualty claim department of both companies. He is succeeded in his former connection by Frank Seiler, formerly assistant manager of the automobile department.

Chicago Glass Bureau Makes Plea for Advance in Rates

Recommendation to authorize plate glass rate increase up to 100 percent was voted by the Cook County (Ill.) Plate Glass Insurance Bureau and forwarded to the National Bureau of Casualty & Surety Underwriters. It was suggested that the eastern committee be empowered to apply rate advances within this latitude whenever action is necessary. A meeting is to be held in the east this week, at which it is hoped by Chicago bureau members that the proposal will be approved.

May set a record in the Chicago bureau for malicious breaks, 272 for total loss \$14,775 being reported. The first seven days in June indicated continued increase in these losses. There were 70 reported, or at a rate of 300 for the month. May Day bombing damage was an unimportant factor in the May total, only about \$500 loss from this cause being reported by members.

Benjamin Franklin Fight Ends

SAN FRANCISCO, June 7.—With the appointment of Commissioner Mitchell as receiver for the Benjamin Franklin Bonding & Indemnity, an Arizona corporation with head offices in Los Angeles, a hard fought legal controversy has been concluded.

Commissioner Mitchell first sought receivership for the company in October, 1932, alleging it was impaired nearly \$200,000 and had failed to post its qualifying bond. The Benjamin Franklin answered the commissioner's charges with complaints that insurance department employees had solicited a bribe of a sizable amount, an accusation which caused state-wide concern. Governor Rolph ordered a thorough investigation, but no evidence to substantiate the charge was found.

The company started a series of court actions against the commissioner, with the result that it has been operating since last October, when the first complaint was filed by the department, without any charges being made.

The National Convention of Insurance Commissioners and Health & Accident Underwriters Conference.

Change in Management of Ocean Accident on Pacific

GARDNER TO RETIRE AUG. 3

Bunyan Appointed Acting Manager Effective Immediately, Loynahan Goes to New York

William J. Gardner is retiring as joint manager of the Pacific department of the California-Commercial Union-Ocean group as of Aug. 31. John C. Bunyan, assistant manager at New York of the Ocean Accident and vice-president Columbia Casualty, is appointed to succeed Mr. Gardner with the title of acting manager.

Thomas E. Loynahan, assistant manager Pacific department is to be transferred to the New York office to assist Henry Collins, United States manager.

Mr. Gardner has been with the California Commercial Union-Ocean group more than twenty years and engaged in casualty business about 35 years. He started as special agent of the Fidelity & Casualty in Chicago, later becoming manager for the Pacific coast for the Aetna.

Transferred to New York

Then he was transferred to New York as resident secretary, managing the Aetna's New York office for more than seven years. Later he was appointed United States assistant manager of the Ocean, and two years later appointed United States manager, which position he occupied four years. He was transferred to San Francisco as manager for the Pacific Coast in 1918, holding the position until early in 1932, when he became joint manager of the California-Commercial Union-Ocean group.

Mr. Bunyan, who arrived in San Francisco June 6, has been in the service of the companies since 1912. During this period he has had experience in many departments, rising to the position of second in command in the United States.

The announcement says, "In the position of assistant manager at New York he has distinguished himself by the quality of his personality as well as by his ability and knowledge of the business. He comes to the position of manager of the Pacific department splendidly equipped to serve the best interests of the company."

Mr. Loynahan began his insurance career in the claims department of the Frankfort General. Later he was associated with the Aetna as underwriter. He entered the service of the Ocean in 1918; was appointed assistant resident manager in the Los Angeles office in 1920, superintendent at San Francisco in November that year, and assistant manager, Pacific department at San Francisco in December, 1926.

No Thought of Combining Any Bureau Branch Offices

NEW YORK, June 7.—Contrary to the impression in some quarters there is no intention of changing any of the present branch offices of the National Bureau of Casualty & Surety Underwriters, all of which are functioning under centralized direction. In all the bureau maintains 10 branch offices, each charged with control of a given territory, they being located at Portland, Me., Philadelphia, Baltimore, Chicago, Detroit, Indianapolis, Omaha, San Francisco, Portland, Ore., and Seattle. Branches at Providence and at Hartford were closed a year or two ago, the work of each being taken over by the head office here.

The August Steinbicker Agency of Syracuse has been appointed general casualty agent for the Standard Surety & Casualty of New York City.

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CASUALTY
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J. L. PICKERING, President

SOUND CONSERVATIVE

**National Surety
Deal Is Pondered**

(CONTINUED FROM PAGE 40)

Only about \$2,200,000 of "fairly controllable assets" went to the new corporation, he said. The old National Surety had an \$11,000,000 loan from the Reconstruction Finance Corporation. The value of assets put up as collateral was \$15,000,000. In connection with the reorganization, the R. F. C. gave to the new National Surety \$5,000,000 and took a lien on the new National Surety stock.

The Boyce committee, according to Mr. Ignatius, believed at first that the reorganization plan was "wicked," but finally became convinced that the program was satisfactory.

Commissioner Gauss of Michigan asked Mr. Ignatius whether the depression has not demonstrated the unsuitability of writing depository bonds and guaranteeing principal and interest.

Mr. Ignatius said he wouldn't criticize the principle of those guarantees, but he might criticize the methods of writing them. He expressed the belief that no insurance company should ever assume a risk if, in the event of the failure of that undertaking, the insurance company would be compelled involuntarily to operate that business, whether it be real estate or the clothing business.

In conclusion, Mr. Ignatius said that under the plan, more than \$10,000,000 of liabilities have been obviated by dealing with \$2,000,000 of assets.

Stock Has a Value

The stock of the new National Surety has a value, Mr. Ignatius said. It could be sold for more than \$2,000,000 today, he declared. If the National Surety had been taken over under a straight liquidation, Mr. Ignatius said that all surety companies would have suffered in the estimation of the public. Since the National Surety plan was announced, the stocks of all surety companies have increased in value, he said, even including the stock of the old National Surety, which is still listed on the New York stock exchange.

Mr. Ignatius assured the commissioners' committee that in a very short time he would have a program to submit to the bondholders. A letter is now being prepared which will be sent to all bondholders, suggesting their cooperation with the commissioners' committee. The members of the commissioners' committee are Brown of Massachusetts, Palmer of Illinois, Spencer of Maine, Gauss of Michigan, Sullivan of Washington, Greer of Alabama and Davis of the District of Columbia.

NATIONAL SURETY COOPERATION

NEW YORK, June 7.—C. H. Berets, president of C. H. Berets & Co., dealers in investment securities in this city, received from Edward McLaughlin, counsel in the National Surety rehabilitation, acceptance of an offer of cooperation made on behalf of three security companies in working out the problems of real estate securities guaranteed by the surety company. Associated with the Berets organization in supporting the program of the rehabilitator are W. G. Riley & Co. and the Colonial Bond & Share Co. of Baltimore. In addition to supporting the committee of six commissioners acting as a protective com-

mittee, the three concerns have promised to aid in securing the cooperation of other bondholders.

SEEKS PREMIUM COLLECTION

LINCOLN, NEB., June 7.—Superintendent Van Schaick of New York has asked the courts here to order Insurance Director Herdman of Nebraska to hand over to him as receiver for the National Surety the \$5,000 premium due for the million dollar bond furnished the state treasurer last January. Mr. Herdman has been holding the money as a security reserve for the protection of policyholders in Nebraska who have not been paid losses in full and also out of a desire to be more fully assured that after the \$5,000 has been paid the state will get the protection for the two year period. Mr. Van Schaick contends that the appropriation by the legislature was an admission of the debt, and that the insurance department has no power to intercept its payment.

DISPUTE IN ALABAMA

MONTGOMERY, ALA., June 7.—Possession of \$50,000 of bonds deposited with the state of Alabama by the National Surety and about \$1,000,000 in mortgages of the company's subsidiary organizations is involved in proceedings submitted to the Alabama supreme court to decide a dispute regarding the jurisdiction of two Alabama courts in the appointment of receivers.

On petition of Superintendent Greer Judge McCord of the Montgomery Circuit Court on May 1 appointed R. T. Goodwyn ancillary receiver.

On May 4, on petition of Harold Harper, owner of a \$1,000 bond of the Mortgage Guarantee Company, guaranteed by the National Surety, Judge Snyder of the Jefferson Circuit appointed Ray Simpson and Crampton Harris receivers of the National Surety and several subsidiary corporations.

Judge McCord on May 8 ordered Receiver Goodwyn to take charge of the assets of the various corporations, thereby precipitating the dispute which is now before the supreme court.

ADMITTED IN ARKANSAS

LITTLE ROCK, June 7.—The new National Surety has been admitted to Arkansas. A. C. Henry, Little Rock attorney, was recently appointed ancillary receiver for the old company by Judge Mann in Second Division Pulaski Circuit court upon application of Attorney General Norwood.

A. & H. Managers Program

(CONTINUED FROM PAGE 39)

Pittsburgh, vice-president National Association A. & H. Managers.

"Self Promotion," Fred G. Burgoyne, Newark, superintendent accident and health department, Bankers Indemnity.

"What Is Your Sales Suggestion?" 20-minute open forum.

Friday, June 16, 8 p. m.

"Knowledge Plus Enthusiasm," Harry A. Cunningham, Cleveland, Aetna Life, president Cleveland A. & H. Club.

"Sales Ideas That Click," James E. Powell, Chattanooga, agency manager Provident Life & Accident.

"Selling Group Accident & Health Insurance," John T. Wagner, Detroit, group manager National Casualty.

"What Is Your Sales Suggestion?" 20-minute open forum.

Income Insurance Specialists

Opportunities for Salesmen in Forty-Eight States

North American Accident Insurance Co.

209 South La Salle Street, CHICAGO

WORKMEN'S COMPENSATION

Rate Increase Will Be $3\frac{1}{2}\%$

C. W. Hobbs Tells Commissioners Average Advance in Compensation Tariff This Year Will Be Small

The average compensation rate increase under this year's program of the National Council on Compensation Insurance will not be more than 3 to $3\frac{1}{2}$ percent, according to C. W. Hobbs, special representative of the National Convention of Insurance Commissioners on the National Council, who reported verbally to the convention as well as submitting a lengthy written report.

Mr. Hobbs said that the ordinary rating machinery breaks down in times like the present. There is hope on all sides that improvement in business will help the compensation situation. Carriers, he said, have now adopted a program, the main idea of which is to base the level of rates on indications of the last available policy year plus a projection of medical costs plus an emergency increase.

Mr. Hobbs said that there is now peace among the carriers.

The occupational disease question is occupying much attention, he said. Many lawyers have discovered there is a legal liability for occupational disease and the extent of that burden is just beginning to be appreciated.

Many casualty companies have withdrawn from the compensation field and others have drastically reduced their writing, Mr. Hobbs said. This is not a healthy situation. The failure of the International Reinsurance leaves coal mine operators without adequate facilities.

Missouri Meeting June 12

JEFFERSON CITY, MO., June 7.—Representatives of the National Council of Compensation Insurance, various insurance agents and prominent Missouri manufacturers and industrial leaders will gather here June 12 for the hearing to be conducted by Superintendent Thompson on the proposed special loading of compensation rates to cover occupational diseases. Originally a loading of 1 percent for such extra hazard was added to the rates on about 800 classifications. Now the National Council has suggested that this 1 percent fee be removed and the new charges of from 2 cents to \$1 be substituted for 122 of the 800 classifications.

Compensation insurance for unemployed or emergency relief employees on public works, will be considered as well as special hazards of such classifications as varnish or lacquer plant employees.

D. of C. Regulation Proposed

WASHINGTON, June 7.—The commissioners of the District of Columbia are asking Congress that the district superintendent of insurance be given authority to regulate workmen's compensation rates. A proposed amendment to the District code was submitted, under which all companies or associations writing compensation insurance would be required to submit premium rates to the superintendent for approval. The superintendent now has no authority to pass on rates with a view to determining their reasonableness.

Endorses Standardization

Casualty Commissioner Pope of Texas, as chairman of the compensation committee of the National Convention of Insurance Commissioners, at the Chicago meeting of that organization, said that his committee endorses the program of the International Association of Industrial Accident Boards and the National Council on Compensation Insurance to promulgate five standard-

ized claim forms. The plan makes for economy and is more intelligent, he said.

Investigation Measure Passes

LANSING, MICH., June 7.—Investigation of the state accident fund is a step nearer following passage by the Michigan house of a concurrent resolution authorizing such an inquiry by the insurance commissioner. The resolution

was sent to the senate insurance committee.

Reinsurance Company Promoted

The New York Reinsurance Company is the title of a new institution that is being organized in New York, the incorporators including Vincent Cullen, president of the National Surety; J. P. Bartram, G. E. Warren, Irving Reynolds, E. W. Eaves, Jr., J. H. Tappen, Neilsen Edwards, R. C. Ream, A. E. Ives, N. P. Ream, John L. Kemmerer, F. F. Randolph, J. B. Miller and E. C. Myerle.

CASUALTY PERSONALS

E. H. Taylor has resigned as vice-president in charge of the claim department of the American Surety and New York Casualty. He was formerly in the general agency business in Washington, D. C., and Baltimore. When the Maryland Assurance, the old life running mate of the Maryland Casualty was organized, Mr. Taylor became superintendent of agents. The Maryland Assurance was merged with the

Eureka Life of Baltimore and then Mr. Taylor went to the New York Casualty in charge of its claim department.

The Home Beneficial of Richmond will present an ambulance to the Richmond Community Hospital June 18. The company, which has a large sick and industrial business among the colored people of the city, is greatly interested in the hospital, operated for

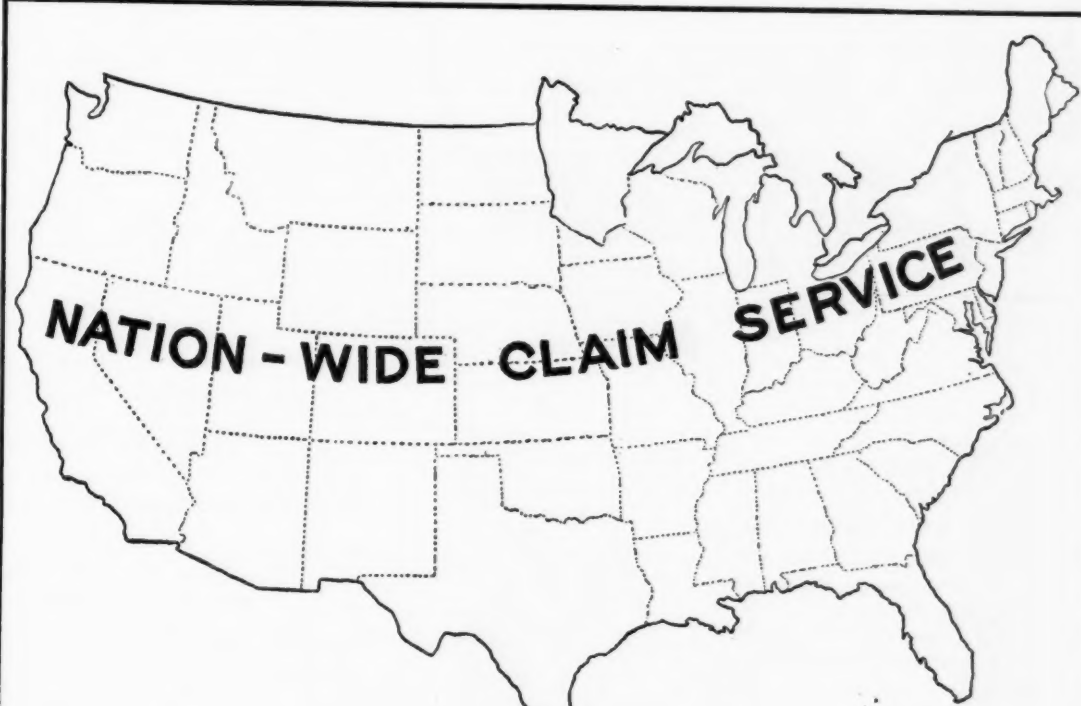
the benefit of members of that race. B. L. Jordan, secretary-manager of the Southern Aid Society of Virginia, is treasurer of the hospital.

T. J. McNally, who was formerly manager of the western division of the Lloyds Casualty at Chicago, has gone east and is making his headquarters at 32 North 17th street, East Orange, N. J.

Harry Scherr, prominent attorney of Huntington, W. Va., was elected a director of the U. S. Chamber of Commerce at the annual meeting to represent the third district. He is a director of the Inter-Ocean Casualty and is a brother of J. W. Scherr, president of that company.

A. W. Burke, general agent for the Aetna Life companies for casualty business in eastern Massachusetts, Maine and New Hampshire, and one of the outstanding leaders in New England insurance, died at his home in Boston at the age of 56 after an illness of several weeks.

He entered insurance work at the age of 15 as a clerk in the office of John C. Paige & Co. He was later a special agent in the New England territory for the Employers Liability, and in 1905 became associated with the Aetna Life.



NATION-WIDE CLAIM SERVICE

BANKERS INDEMNITY INSURANCE COMPANY

NEWARK, NEW JERSEY

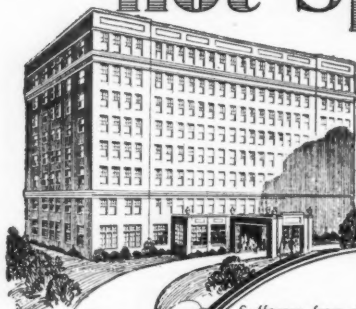
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Sufferers from rheumatism, neuritis, kidney trouble, high blood pressure and kindred ailments find swift and sure relief in the forty-six world-famous springs here at Hot Springs, Arkansas. Worn-out systems are toned up; new health comes to jagged nerves.

Enjoy every outdoor sport while
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The sportsman finds a new thrill in golf, riding, fishing and all outdoor sports high up in the Ozark Mountains in a 900 acre Government Park.

Come to Hotel Majestic at Hot Springs now
You can have a room, an apartment, or a cottage at extremely moderate cost.....

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Castle of Comfort

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When you travel you expect the utmost in luxury, comfort and service. You find it at the Sinton-St. Nicholas in the heart of downtown Cincinnati. There's



a pleasant atmosphere...rooms are large and cheerful...food is really good...service is punctual and unobtrusive...rates are very moderate...Dining Rooms—Public Rooms electrically cooled

Come to Cincinnati. Stay at Hotel Sinton-St. Nicholas. 750 rooms with bath and servitor. Rates from \$2.50 daily.

JOHN L. HORGAN
Managing Director



The Sinton-St. Nicholas
LIKE HOME IN
CINCINNATI

Shortly before his death he was re-elected for a second term as president of the Massachusetts Insurance Federation and was also serving his second term as president of the Massachusetts Casualty Underwriters Association and of the Boston protective department.

W. G. Hurtzig has been elected secretary-treasurer of the County-Wide Safety Highway Society of Morristown, N. J. Mr. Hurtzig is chairman of the executive committee of the New Jersey Association of Underwriters.

After an unusually strenuous season at the office F. H. Kingsbury, vice-president and secretary of the Globe In-

demnity, is finding a much needed rest fishing for trout in the preserves of the Megantic Club in southeastern Canada, planning to be away until the middle of June.

W. W. Greene, vice-president of the General Reinsurance, attended the commissioners' convention in Chicago last week and remained for the first sessions of the Health & Accident Underwriters Conference this week. He was joined in Chicago by E. H. Boles, president of the General Reinsurance and they left Tuesday for the west coast.

Another casualty reinsurance executive at the commissioners' convention was F. X. Malley, vice-president of the American Reinsurance.

ACCIDENT AND HEALTH FIELD

Ask New Standard Provision

Commissioners at Chicago Gathering Requested to Endorse Proration of Medical Reimbursement

A special committee of the accident and health committee of the National Convention of Insurance Commissioners, of which G. A. Bowles of Virginia is chairman, was petitioned at the Chicago sessions to endorse a proposed new standard provision calling for the proration of medical reimbursement benefits. The company representatives who appeared before the committee were R. E. Hall, associate general counsel of the Aetna Life, and F. Robertson Jones, general manager of the Association of Casualty & Surety Executives. The committee announced to the convention that this question had been referred to a subcommittee for further study and possible action at the time of the executive committee gathering in New York City Dec. 5-6.

The new standard provision, which would be the 21st, as proposed by the company representatives, reads:

"If the insured has other personal accident insurance in this or other companies or both, by the terms of which provision is made for payment of the actual expense of medical or surgical treatment, hospital charges and nurses' fees, the company shall not be liable for a greater proportion of such expense than the maximum amount of such payment provided by this policy bears to the total of the maximum amount of such payment provided by all such insurance."

Asher Named in New York

The Massachusetts Indemnity has appointed Fred W. Asher general agent for metropolitan New York and northern New Jersey with offices at 84 William street. Mr. Asher is associate professor of economics at Columbia University. Another important appointment is that of Lon Jeffrey, Inc., Pittsburgh.

The twenty states in which the company operates include all New England states, New York, Pennsylvania, Delaware, Maryland, Ohio, Indiana, Michigan, Iowa, Colorado, California, Kansas, Oklahoma, Washington and the District of Columbia.

FIDELITY AND SURETY NEWS

Hold Up Liquor Dealer Bonds

Excise Bond Underwriters Accepts Applications—Won't Issue Cover Until Rates Are Determined

NEW YORK, June 7.—Pending agreement between the insurance department and the Excise Bond Underwriters as to the rates to be charged for bonds issued dealers in legal alcoholic beverages in this state, Manager Joel Rathbone has advised that while it is accepting applications for coverage at rates first announced, it will not issue bonds until the rate question be settled. An accord will be reached very promptly, it is anticipated.

Pre-prohibition Experience

The Excise Bond Underwriters formed by 33 important bonding companies, adopted the rates prepared by the Towner Rating Bureau, which were predicated upon the experience of carriers prior to prohibition days. It was recognized that under the present changed conditions, and the virtual certainty that licenses to sell liquor will be inadvertently granted some irresponsible parties, the surety companies will have to grope along carefully until such time as a level loss experience is again available before the reasonableness of the tariffs can be determined.

The insurance department held the Towner rates were too high, and ordered a reduction. The underwriters feel confident they can convince Superintendent Van Schaick that the schedule as prepared by the Towner bureau

should be allowed to stand until definite loss experience is available.

Towner Bureau Not Guilty

NEW YORK, June 7.—In view of the fact that the rate of commission payable to agents upon fidelity and surety lines is determined by the acquisition cost conference, condemnation of the Towner Rating Bureau for its reputed action in fixing commissions upon liquor bonds, by the New York State Association of Local Agents is criticized by company executives. Officials alone fix acquisition costs and these are incorporated by rating authorities in their final rate schedules.

Takes Over National Mutual

The Farmers Mutual Automobile of Madison, Wis., has reinsured the National Mutual Casualty of that city. Both were under the same management. The consolidated figures show assets of \$304,567, surplus \$92,570, contingent reserve \$40,000, premium reserve \$69,649, loss reserve \$98,020.

Limit for Filing Claims

NEW ORLEANS, June 7.—On application of the receivers, C. W. Beckner and S. S. Levy, Judge Provosty ordered that all claims against the Union Indemnity be filed on or before Sept. 30, and that all claims against the LaSalle Fire be filed on or before July 31. The order authorized the receivers to turn claims from other states over to receivers for the companies in those states.

New Accident and Health Policies and Rates Analysis Ready in the New Time Saver . . . April 29, 1933

Policy Information

Complete Analysis of Accident and Health Contracts and Rates.

Policy Name or Form with Index to pages where found.

Elimination Period—Rates and Terms.

Non-Cancellable Complete.

Policy Riders—Their Provision and Cost.

Mail Order and Mutual Company Contracts Completely Analyzed.

100 Leading Companies Covered.

Company Information

Financial Statements as of December 31, 1932.

Company Facts—

When Organized?

Where Licensed?

What Occupational Manual Is Used?

Premiums and Losses for 1932 by companies.

Special Features

Standard Provisions.

List of life insurance companies which have discontinued writing permanent disability. Analysis of coverage written by those continuing to write it.

Sales charts, facts and diagrams—six pages.

Questions and Answers on the Time Saver Analysis

1. Can any one quickly and easily understand the Time Saver Analysis? . . . Yes
2. Does the analysis reflect the policy wording? . . . Yes
3. Does analysis show *complete* information on contracts of mail order associations and non-cancellable writing companies? . . . Yes
4. Does analysis show within how many days after the accident total disability must start to make full indemnity payable? . . . Yes
5. Are rates shown for all ages at which each policy is sold? . . . Yes
6. Are elimination period rates shown? . . . Yes
7. Are all facts about dividends and return premiums shown? . . . Yes
8. Can I learn in the Time Saver about policy riders, and rates charged for them? . . . Yes
9. Can I tell exactly what limit, if any, is set on the amount a policyholder may collect? . . . Yes
10. Are policy limitations shown in full? . . . Yes

All non-cancellable contracts analyzed in detail

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The National Underwriter Company,
420 E. Fourth Street,
Cincinnati, Ohio.

I know that three-fourths of the accident and health companies have made great changes in their rates and policies and I want your new Time Saver giving a *complete* analysis of the new contracts. Send my copy at \$4.00 (plus delivery charges) to the address below:

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Company.....

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City and State.....

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BOUND
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in Pocket Size
4 x 6 Inches

EDITION
Tenth Annual Edition
Corrected to April 10, 1933



A NEW SUIT FOR THE LANDLORD

AND just wait until he gets the bill! For the suit we're talking about is a damage suit. The landlord is liable for accidents which happen on his premises as a result of his negligence.

We were thinking about apartment house owners and landlords when we were lining up copy for *The Employers' Pioneer*. So we talked with some of the claim men. The actual claim cases they told us are set forth in the current issue, and should help you when soliciting liability insurance. We talked with the engineering department. Their suggestions for keeping accident hazards at a minimum in apartments, office buildings, etc., should be the kind of information your landlord assured should be glad to get from you.

Also in the current issue are other articles which should be of help to insurance agents and brokers. From the

man in the field came an article giving his ideas as to why accident insurance is needed right now. For those interested in bonding, we find a bit of historical information, plus an outline of the opportunities to sell fidelity and surety bonds. With the vacation season already at hand, typical accident claims from vacationists seem timely information to pass along to the field. You'll find them in this same issue, and we believe that you can make very good use of them.

The chances are pretty good that there is something in the June issue of *The Employers' Pioneer* which will be of interest to you and which will help you. Why not read it and find out? We'll be glad to send you a copy. There is no obligation on your part. All you have to do is to write The Publicity Department, 110 Milk Street, Boston, Massachusetts.



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